

accomplishment

# Health Care Criteria for Performance Excellence

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# THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD PROGRAM

## A Public-Private Partnership

Building active partnerships in the private sector—and between the private sector and all levels of government—is fundamental to the success of the Baldrige National Quality Program in improving national competitiveness. Private-sector support for the Program in the form of funds, volunteer efforts, and participation in information transfer continues to grow.

To ensure the continued growth and success of these partnerships, each of the following organizations plays an important role.

## Foundation for the Malcolm Baldrige National Quality Award

The Foundation for the Malcolm Baldrige National Quality Award was created to foster the success of the Program. The Foundation's main objective is to raise funds to permanently endow the Award Program.

Prominent leaders from U.S. organizations serve as Foundation Trustees to ensure that the Foundation's objectives are accomplished. A broad cross section of organizations throughout the United States provides financial support to the Foundation.

## National Institute of Standards and Technology

The U.S. Department of Commerce is responsible for the Baldrige National Quality Program and the Award. The National Institute of Standards and Technology (NIST), an agency of the Department's Technology Administration, manages the Baldrige Program. NIST promotes U.S. economic growth by working with industry to develop and deliver the high-quality measurement tools, data, and services necessary for the nation's technology infrastructure. NIST also participates in a unique, government-private-sector partnership to accelerate the development of high-risk technologies that promise significant commercial and economic benefits. Through a network of technology extension centers and field offices serving all 50 states and Puerto Rico, NIST helps small- and medium-sized businesses access the information and expertise they need to improve their competitiveness in the global marketplace.

## American Society for Quality

The American Society for Quality (ASQ) assists in administering the Award Program under contract to NIST. ASQ is dedicated to the ongoing development, advancement, and promotion of quality concepts, principles, and techniques. ASQ strives to be the world's recognized champion and leading authority on all issues related to quality. ASQ recognizes that continuous quality improvement will help the favorable positioning of American goods and services in the international marketplace.

## Board of Overseers

The Board of Overseers advises the Department of Commerce on the Baldrige National Quality Program. The board is appointed by the Secretary of Commerce and consists of distinguished leaders from all sectors of the U.S. economy.

The Board of Overseers evaluates all aspects of the Program, including the adequacy of the Criteria and processes for determining Award recipients. An important part of the board's responsibility is to assess how well the Program is serving the national interest. Accordingly, the board makes recommendations to the Secretary of Commerce and to the Director of NIST regarding changes and improvements in the Program.

## Board of Examiners

The Board of Examiners evaluates Award applications and prepares feedback reports. The Panel of Judges, part of the Board of Examiners, makes Award recommendations to the Director of NIST. The board consists of leading U.S. business, health care, and education experts. NIST selects members through a competitive application process. For 2001, the board consists of about 400 members. Of these, 9 (who are appointed by the Secretary of Commerce) serve as Judges, and approximately 70 serve as Senior Examiners. The remainder serve as Examiners. All members of the board must take part in an Examiner preparation course.

In addition to reviewing applications, board members play a significant role in sharing information about the Baldrige Program. Their membership in hundreds of professional, trade, community, and state organizations helps them disseminate this information.

## Award Recipients

Award recipients are required to share information on their successful performance and quality strategies with other U.S. organizations. However, recipients are not required to share proprietary information, even if such information was part of their Award application. The principal mechanism for sharing information is the annual Quest for Excellence Conference.

Award recipients in the 13 years of the Award have been extremely generous in their commitment to improving U.S. competitiveness and furthering the U.S. pursuit of performance excellence. They have shared information with hundreds of thousands of companies, education institutions, health care organizations, government agencies, and others. This sharing far exceeds expectations and Program requirements. Award recipients' efforts have encouraged many other organizations in all sectors of the U.S. economy to undertake their own performance improvement efforts.



## Baldrige National Quality Program

National Institute of Standards and Technology • Technology Administration • Department of Commerce

**To:** U.S. Health Care Community

**From:** Harry S. Hertz, Director  
Baldrige National Quality Program

**Subject:** The Baldrige Challenge

“Business as usual” really means challenge and change. Whether your health care challenges are the introduction of new technologies, cost reduction, electronic communication and information sharing, rapid innovation, new alliances with health care providers, or just maintaining your market advantage, the Baldrige Health Care Criteria can help you address them.

For more than a decade, the Baldrige Criteria have been a tool used by thousands of U.S. organizations to stay abreast of ever-increasing market challenges and improve performance. Whether your organization is small or large, is involved in ambulance service or health maintenance, or has one facility or multiple sites across the country, the Health Care Criteria provide a valuable framework that can help you assess performance on a wide range of key indicators: patient satisfaction, health care outcomes, operational, staff, and financial. The Health Care Criteria can help you align resources; improve communication, productivity, and effectiveness; and achieve strategic goals.

How to begin that first Baldrige assessment? Take a few minutes and scan the questions in the new Organizational Profile on pages 12–13. A discussion of the answers to these questions might be your first Baldrige assessment.

If you are ready to take the full Baldrige challenge, you may perform a self-assessment only or use the self-assessment as the preliminary effort to submitting an Award application. Self-assessment against all seven Categories of the Health Care Criteria (see pages 14–30) allows you to identify strengths and to target opportunities for improving processes and results affecting all key stakeholders—including patients and other customers, staff, owners, suppliers, partners, and the community. In the most competitive for-profit sectors, organizations with world class business results are able to achieve a score above 700 on the 1,000 point Baldrige scale.

Even if you don’t expect to win the Baldrige Award, submitting an application has valuable benefits. Every applicant receives a detailed feedback report based on an independent, external assessment conducted by a panel of specially trained and recognized experts.

Ultimately, your application may lead to a Baldrige Award. Many Award recipients tell us their greatest rate of improvement occurs the year after receiving the Award. While we make no promises for the future, on average, publicly traded Baldrige Award recipient companies have outperformed the Standard & Poor’s 500 by four to one. If you receive the Baldrige Award, you may publicize and advertise your organization’s winning status.

We make only two requirements of recipients: that you share nonproprietary information from your application summary and participate in the Quest for Excellence Conference in April 2002 so that others might learn from your success.

The Criteria are in your hands . . . so is an incredible opportunity. Why not take the challenge? Regardless of your organization’s past success, when you turn these pages, you turn the corner toward performance excellence. If you want more information, contact me at [nqp@nist.gov](mailto:nqp@nist.gov).

## QUEST FOR EXCELLENCE

### Quest for Excellence XIII Conference

Each year, Quest for Excellence, the official conference of the Malcolm Baldrige National Quality Award, provides a forum for Baldrige Award recipients to share their exceptional performance practices with worldwide leaders in business, education, health care, and not-for-profit organizations. Quest for Excellence XIII will showcase the year 2000 Award recipients.

For the last 12 years, executives, physicians, managers, and quality leaders have come to this conference to learn how these role model organizations have achieved performance excellence. CEOs and other leaders from the Award recipients give presentations covering all seven Categories of the Baldrige Criteria, their journey to performance excellence, and their lessons learned. At this three-day conference designed to maximize learning and networking opportunities, attendees will be able to interact with Award recipients.

The Quest for Excellence XIII Conference will be held April 22–25, 2001, at the Marriott Wardman Park Hotel in Washington, DC. For further information, contact the Baldrige Program by mail: Baldrige National Quality Program, NIST, Administration Building, Room A600, 100 Bureau Drive, Stop 1020, Gaithersburg, MD 20899-1020; telephone: (301) 975-2036; fax: (301) 948-3716; or E-mail: [nqp@nist.gov](mailto:nqp@nist.gov). For a general overview of the Baldrige National Quality Program, visit its Web site: <http://www.quality.nist.gov>.

### The Malcolm Baldrige National Quality Award

The Award crystal, composed of two solid crystal prismatic forms, stands 14 inches tall. The crystal is held in a base of black anodized aluminum with the Award recipient's name engraved on the base. A 22-karat gold-plated medallion is captured in the front section of the crystal. The medal bears the inscriptions "Malcolm Baldrige National Quality Award" and "The Quest for Excellence" on one side and the Presidential Seal on the other.

The President of the United States traditionally presents the Awards at a special ceremony in Washington, DC.



Crystal by Steuben

The Malcolm Baldrige National Quality Award logo and the phrases "Quest for Excellence" and "Performance Excellence" are trademarks and service marks of the National Institute of Standards and Technology.

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Business and education organizations should use the appropriate Criteria booklets for their respective sectors. See page 57 for ordering information.

If you plan to apply for the Award in 2001, you also will need the booklet entitled  
*Baldrige Award Application Forms*.

Ordering instructions are given on page 57.

Eligibility Forms due—April 5, 2001      Award Applications due—May 31, 2001

We are easy to reach. Our Web address is <http://www.quality.nist.gov>.

## 2001 HEALTH CARE CRITERIA: CORE VALUES, CONCEPTS, AND FRAMEWORK

### Health Care Criteria Purposes

The Health Care Criteria are the basis for organizational self-assessments, for making Awards, and for giving feedback to applicants. In addition, the Health Care Criteria have three important roles:

- to help improve organizational performance practices, capabilities, and results
- to facilitate communication and sharing of best practices information among health care organizations and among U.S. organizations of all types
- to serve as a working tool for understanding and managing performance and for guiding planning and opportunities for learning

#### Health Care Criteria for Performance Excellence Goals

The Health Care Criteria are designed to help organizations use an aligned approach to organizational performance management that results in

- delivery of ever-improving value to patients and other customers, contributing to improved health care quality
- improvement of overall organizational effectiveness and capabilities as a health care provider
- organizational and personal learning

### Core Values and Concepts

The Health Care Criteria are built upon a set of interrelated Core Values and Concepts. These values and concepts, given below, are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key organizational requirements within a results-oriented framework that creates a basis for action and feedback.

#### Visionary Leadership

An organization's senior leaders (administrative and health care provider leaders) should set directions and create a patient focus, clear and visible values, and high expectations. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving excellence in health care, stimulating innovation, and building knowledge and capabilities. The values and strategies should help guide all activities and decisions of your organization. Senior leaders should inspire and motivate your entire staff and should encourage all staff to contribute, to develop and learn, to be innovative, and to be creative.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, communications, coaching, development of future leaders, review of organizational performance, and staff recognition. As role models, they can reinforce values and expectations while building leadership, commitment, and initiative throughout your organization.

#### Patient-Focused Excellence

The delivery of health care services must be patient focused. Quality and performance are the key components in determining patient satisfaction. All attributes of patient care delivery (including those not directly related to medical/clinical services) factor into the judgment of satisfaction and value. Satisfaction and value to patients are key considerations for other customers as well. Patient-focused excellence has both current and future components: understanding today's patient desires and anticipating future patient desires and health care marketplace offerings.

Value and satisfaction may be influenced by many factors during a patient's experience participating in health care. These factors include a clear understanding of likely health and functional status outcomes, as well as the patient's relationship with the health care provider and ancillary staff, cost, responsiveness, and continuing care and attention. For many patients, the ability to participate in making decisions on their health care is considered an important factor. This requires patient education for an informed decision. Characteristics that differentiate one provider from another also contribute to the sense of being patient focused.

Patient-focused excellence is thus a strategic concept. It is directed toward obtaining and retaining patient loyalty, referral of new patients, and market share gain in competitive markets. Patient-focused excellence thus demands rapid and flexible response to emerging patient desires and health care marketplace requirements, and measurement of the factors that drive patient satisfaction. Patient-focused excellence also demands awareness of new technology and new modalities for delivery of health care services.

#### Organizational and Personal Learning

Achieving the highest levels of performance requires a well-executed approach to organizational and personal learning. Organizational learning includes both continuous improvement of existing approaches and adaptation to change, leading to new goals and/or approaches. Learning needs to be embedded in the way your organization operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, department/work unit, and organizational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on sharing knowledge throughout your organization; and (5) is driven by opportunities to effect significant change and to do better. Sources for

learning include staff ideas, health care research findings, patients' and other customers' input, best practice sharing, and benchmarking.

Organizational learning can result in (1) enhancing value to patients through new and improved patient care services; (2) developing new health care opportunities; (3) reducing errors, defects, waste, and related costs; (4) improving responsiveness and cycle time performance; (5) increasing productivity and effectiveness in the use of all resources throughout your organization; and (6) enhancing your organization's performance in building community health and fulfilling its public responsibilities.

Staff success depends increasingly on having opportunities for personal learning and practicing new skills. Organizations invest in personal learning through education, training, and other opportunities for continuing growth. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to train and to better link training to your organizational needs and priorities. For health care providers, personal learning includes building discipline knowledge, discipline retraining to adjust to a changing health care environment, and enhancing knowledge of measurement systems influencing outcome assessments and clinical guidelines, decision trees, or critical paths. Education and training programs may benefit from advanced technologies, such as computer- and Internet-based learning and satellite broadcasts.

Personal learning can result in (1) more satisfied and versatile staff who stay with the organization, (2) organizational cross-functional learning, and (3) an improved environment for innovation.

Thus, learning is directed not only toward better health care services but also toward being more responsive, adaptive, and efficient—giving your organization health care marketplace sustainability and performance advantages.

### **Valuing Staff and Partners**

An organization's success depends increasingly on the knowledge, skills, creativity, and motivation of its staff and partners.

Valuing staff means committing to their satisfaction, development, and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to staff with diverse workplace and home life needs. Major challenges in the area of valuing staff include (1) demonstrating your leaders' commitment to your staff's success, (2) recognition that goes beyond the regular compensation system, (3) development and progression within your organization, (4) sharing your organization's knowledge so your staff can better serve your patients and other customers and contribute to achieving your strategic objectives, and (5) creating an environment that encourages appropriate risk taking.

Organizations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include cooperation between health care providers and other staff, and labor-management cooperation, such as agreements with unions. Partnerships with staff might entail staff development, cross-training, or new work organizations, such as high-performance work teams. Internal partnerships also might involve creating network relationships among your departments/work units to improve flexibility, responsiveness, and knowledge sharing and to develop processes that better follow patient care and needs.

External partnerships might be with customers, suppliers, business associations, third-party payors, community and social service organizations, and other health care providers. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships with other health care organizations could result in referrals or in shared facilities that are either capital intensive or require unique and scarce expertise.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for staff development.

### **Agility**

Success in today's health care environment demands agility—a capacity for rapid change and flexibility. Health care providers face ever-shorter cycles for the introduction of new or improved health care services, as well as for faster and more flexible response to patients and other customers. All aspects of electronic communication and information transfer require and enable more rapid, flexible, and customized responses.

Today's health care environment places a heavy burden on the timely design of health care delivery systems, disease prevention programs, health promotion programs, and effective and efficient diagnostic and treatment systems. Overall design must include the opportunity to learn for continuous organizational improvement and must value the individual needs of patients. Design also must include effective means for gauging improvement of health status—for patients and populations/communities. Beneficial changes must be introduced at the earliest appropriate opportunity.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in organization, quality, cost, patient focus, and productivity.



### Focus on the Future

In today's health care environment, a focus on the future requires understanding the short- and longer-term factors that affect your organization and health care marketplace. Pursuit of health care excellence requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—patients

and families, staff, communities, employers, payors, and health profession students. Your organization's planning should anticipate many factors, such as changes in health care delivery systems, resource availability, patient and other stakeholder expectations, technological developments, new partnering opportunities, the evolving importance of electronic communication and information transfer, evolving regulatory requirements, community/societal expectations, and new thrusts by competitors and other organizations providing similar services. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing staff and suppliers, creating opportunities for innovation, and anticipating public responsibilities.

A major long-term investment associated with health care excellence is the investment in creating and sustaining an assessment system focused on health care outcomes. This entails becoming familiar with research findings and ongoing application of assessment methods.

### Managing for Innovation

Innovation means making meaningful change to improve an organization's services and processes and to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. Innovation is no longer strictly the purview of health care researchers; innovation is important for all aspects of your organizational performance and all processes. Organizations should be led and managed so that innovation becomes part of the culture and is integrated into daily work.

### Management by Fact

An effective health care service and administrative management system depends on the measurement and analysis of performance. Such measurements should derive from health care service needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement

should include information on health care outcomes; community health; epidemiological data; critical pathways and practice guidelines; administrative, payor, staff, cost, and financial performance; competitive comparisons; and customer satisfaction.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making, and operational improvement. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, change management, and comparing your performance with competitors, similar health care organizations, or with "best practices" benchmarks.

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved health care outcomes; improved customer, operational, and financial performance; and healthier communities. A comprehensive set of measures or indicators tied to patient/customer and/or organizational performance requirements represents a clear basis for aligning all activities with your organization's goals.* Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

### Public Responsibility and Community Health

A health care organization's leaders should stress its responsibilities to the public and the need to foster improved community health. These responsibilities refer to basic expectations of your organization related to ethical practices and protection of public health, safety, and the environment. Ethical practices need to consider nondiscriminatory patient treatment policies and protection of patients' rights and privacy. Protection of health, safety, and the environment includes any impact of your organization's operations. Also, organizations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts that may arise in facilities management, and use and disposal of radiation, chemicals, and biohazards. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available information and support needed to maintain public awareness, safety, and confidence.

Organizations should not only meet all local, state, and federal laws and regulatory and accreditation requirements, but they should treat these and related requirements as opportunities for improvement "beyond mere compliance." This requires the use of appropriate measures in managing public responsibility.

Public health services and supporting the general health of the community are important citizenship responsibilities of health care organizations. Practicing good citizenship refers

to leadership in carrying out these responsibilities—within the limits of an organization’s resources—and includes influencing other organizations, private and public, to partner for these purposes. For example, your organization might lead or participate in efforts to establish free clinics or indigent care programs, to increase public health awareness programs, or to foster neighborhood services for the elderly. A leadership role also could include helping to define regional or national health care issues for action by regional or national networks or associations.

### Focus on Results and Creating Value

An organization’s performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—patients, their families, staff, the community, payors, businesses, health profession students, suppliers and partners, investors, and the public. By creating value for all your stakeholders, your organization builds loyalty and contributes to the community. To meet the sometimes conflicting and changing aims that balancing value implies, organizational strategy should explicitly include key stakeholder requirements. This will help ensure that actions and plans meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

### Systems Perspective

The Baldrige Health Care Criteria provide a systems perspective for managing your organization to achieve performance excellence. The Core Values and the seven Baldrige Categories form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organization-specific synthesis and alignment. Synthesis means looking at your organization as a whole and builds upon key organizational requirements, including your strategic objectives and action plans. Alignment means using the key linkages among requirements given in the Baldrige Categories, including the key measures/indicators.

Alignment is depicted in the Baldrige framework on page 5. Alignment includes your senior leaders’ focus on strategic directions and on your patients and other customers. It means that your senior leaders monitor, respond to, and manage performance based on your organizational results. Alignment includes using your measures/indicators to link your key strategies with your key processes and align your resources to improve overall performance and satisfy patients and other customers.

Thus, a systems perspective means managing your whole organization, as well as its components, to achieve success.

## Linkage of the Health Care Criteria to the Baldrige Business Sector Criteria

The 2001 Health Care Criteria incorporate the Core Values and Concepts described above, and are built upon the seven-part framework used in the Business Criteria for Performance Excellence. The rationale for the use of the same framework is that it is adaptable to the requirements of all organizations, including health care organizations. However, this adaptation does not assume that these requirements are necessarily addressed in the same way. This adaptation to health care, then, is largely a translation of the language and basic concepts of business excellence to similarly important concepts in health care excellence. A major practical benefit derived from using a common framework for all sectors of the economy is that it fosters cross-sector cooperation and sharing of best practices information.

## Health Care Criteria for Performance Excellence Framework

The Core Values and Concepts are embodied in seven Categories, as follows:

- 1 Leadership**
- 2 Strategic Planning**
- 3 Focus on Patients, Other Customers, and Markets**
- 4 Information and Analysis**
- 5 Staff Focus**
- 6 Process Management**
- 7 Organizational Performance Results**

The figure on page 5 provides the framework connecting and integrating the Categories.

From top to bottom, the framework has the following basic elements.

### Organizational Profile

Your Organizational Profile (top of figure) sets the context for the way your organization operates. Your environment, key working relationships, and strategic challenges serve as an overarching guide for your organizational performance management system.

### System

The system is composed of the six Baldrige Categories in the center of the figure that define the organization, its operations, and its results.

Leadership (Category 1), Strategic Planning (Category 2), and Focus on Patients, Other Customers, and Markets

(Category 3) represent the leadership triad. These Categories are placed together to emphasize the importance of a leadership focus on strategy and patients/customers. Senior leaders set your organizational direction and seek future opportunities for your organization.

Staff Focus (Category 5), Process Management (Category 6), and Organizational Performance Results (Category 7) represent the results triad. Your organization's staff and its key processes accomplish the work of the organization that yields your performance results.

All actions point toward Organizational Performance Results—a composite of patient/customer, health care, financial, and operational performance results, including staff and work system results and public responsibility.

The horizontal arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organizational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Organizational Performance Results (Category 7). The two-headed arrow indicates the importance of feedback in an effective performance management system.

## Information and Analysis

Information and Analysis (Category 4) are critical to the effective management of your organization and to a fact-based system for improving health care and operational performance. Information and analysis serve as a foundation for the performance management system.

## Criteria Structure

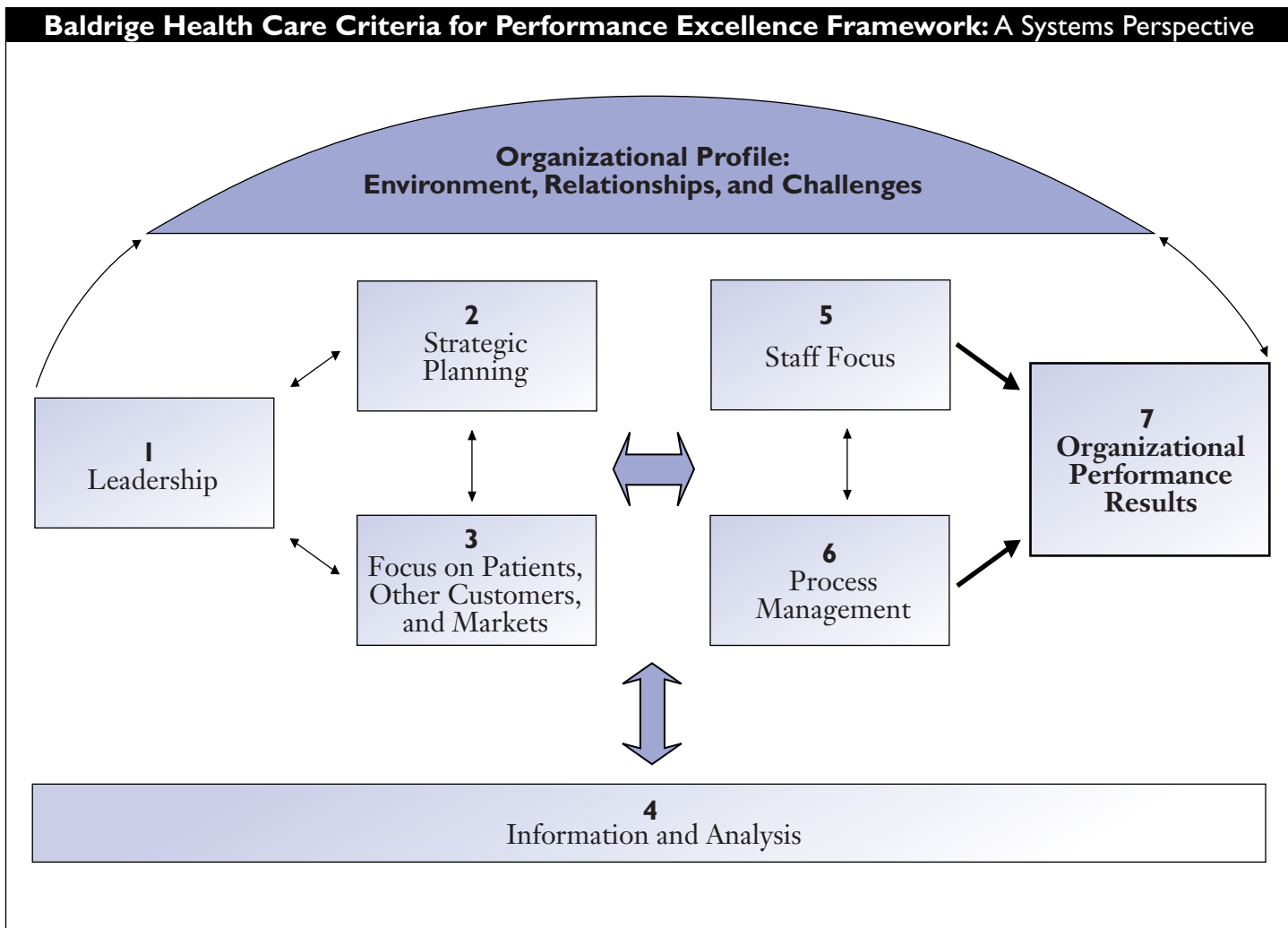
The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address.

### Items

There are 18 Items, each focusing on a major requirement. Item titles and point values are given on page 11. The Item format is shown on page 51.

### Areas to Address

Items consist of one or more Areas to Address (Areas). Organizations should address their responses to the specific requirements of these Areas.



# KEY CHARACTERISTICS OF THE HEALTH CARE CRITERIA

## 1. The Criteria focus on organizational performance results.

The Criteria focus on the key areas of organizational performance, given below.

### Organizational performance areas:

- (1) patient- and other customer-focused results
- (2) health care results
- (3) financial and market results
- (4) staff and work system results
- (5) organizational effectiveness results, including operational and supplier performance
- (6) public responsibility and community health results

The use of this composite of indicators is intended to ensure that strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

## 2. The Criteria are nonprescriptive and adaptable.

The Criteria are made up of results-oriented requirements. However, the Criteria *do not* prescribe

- that your organization should or should not have departments for quality, planning, or other functions;
- how your organization should be structured; or
- that different units in your organization should be managed in the same way.

These factors are important, they differ among organizations, and they are likely to change as needs and strategies evolve.

The Criteria are nonprescriptive for the following reasons:

- (1) The focus is on results, not on procedures, tools, or organizational structure. Health care organizations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting basic requirements. Nonprescriptive requirements are intended to foster incremental and major (“breakthrough”) improvements, as well as basic change.
- (2) Selection of tools, techniques, systems, and organizational structure usually depends on factors such as organization type and size, your organization’s stage of development, and staff capabilities and responsibilities.
- (3) Focus on common requirements, rather than on common procedures, fosters better understanding,

communication, sharing, and alignment, while supporting innovation and diversity in approaches.

## 3. The Criteria support a systems perspective to maintaining organization-wide goal alignment.

The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts, the Organizational Profile, the Criteria, and the results-oriented, cause-effect linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organization’s processes and strategy. These measures tie directly to patient/customer value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralized decision making, or process management. Measures thereby serve both as a communications tool and a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralized decision making.

A systems perspective to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four, clearly defined stages:

- (1) planning, including design of processes, selection of measures, and deployment of requirements
- (2) execution of plans
- (3) assessment of progress, taking into account internal and external results
- (4) revision of plans based on assessment findings, learning, new inputs, and new requirements

## 4. The Criteria support goal-based diagnosis.

The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 18 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions—Approach, Deployment, and Results—and the key factors used to assess each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 18 basic requirements. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described in the shaded box above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies and management systems.

## INTEGRATION OF KEY HEALTH CARE THEMES

For the adaptation of the Business Criteria for Performance Excellence to health care, several important concepts have been given careful consideration. These concepts are addressed throughout the Health Care Criteria:

### Mission Specificity

Although health care organizations share common aims, individual organizational missions, roles, and services vary greatly. Use of a single set of criteria to cover all requirements of all organizations means that these requirements need to be interpreted in terms of your specific organizational mission. This is necessary because specific requirements and key drivers of organizational performance differ from organization to organization. For this reason, effective use of the Criteria depends upon your setting your organizational context for responding to requirements consistently across the seven categories of the Criteria framework. In particular, the Strategic Planning Category (Category 2) needs to address all your key mission requirements, setting the stage for the interpretation of all the other requirements. Similarly, the results you report in the Organizational Performance Results Category (Category 7) need to reflect results consistent with your organization's mission and strategic objectives.

The Health Care Criteria are most explicit in the area of delivery of health care as this requirement is common to all organizations, regardless of specific mission. Despite this commonality, the *focus* of health care services and service development does depend upon your organizational mission. For example, the results reported by hospitals, HMOs, and home health care agencies would be expected to differ and to reflect each organization's mission. Nevertheless, all three types of organizations would be expected to show year-to-year improvements in their results to demonstrate the effectiveness of their performance improvement efforts.

It is recognized that some, but not all, health care organizations have a significant research and/or teaching commitment as part of their mission. If germane, these activities should be noted as part of your process management and operational performance results.

### Customers

The Business Criteria for Performance Excellence use the generic term “customers” to reflect the buyers of products or services. Although marketplace success depends heavily upon buyer preference, other stakeholders also must be considered when setting organizational requirements. Successful operation of an organization may depend upon satisfying environmental, legal, and other requirements. Thus, meaningful criteria need to incorporate all relevant requirements that organizations must meet to be successful.

Health care organizations also must respond to a variety of requirements—all of which need to be incorporated into the Health Care Criteria. The adaptation of the Business Criteria to health care includes a specific approach for defining key customer requirements. The approach selected distinguishes between patients and other customers for purposes of clarity and emphasis. While not further differentiated from other customers in Category 3, the community (as a customer) receives special attention in Item 1.2. This has been done because health care organizations have a particularly strong sense of public responsibility, and role model behavior should include health care services to your organization's community.

Physicians, nurse practitioners, midwives, psychologists, and other health care providers may play a unique “staff” role as providers of health care and also may have relationships as suppliers to your organization and customers of your organization. The Criteria are intentionally designed to be tolerant of these varying relationships and to allow your organization to respond based on your specific structure as described in your Organizational Profile.

Customers' requirements are of two types: (1) requirements that need to be reflected in your organization's health care services and (2) your customers' additional individualized requirements. For example, payors might require certain health screening services (e.g., mammography) for their members (type 1) and certain computerized billing services for reimbursement (type 2). Many of the needs of your non-patient customers are needs that must be addressed in your organization's health care services. Therefore, the Health Care Criteria place primary emphasis on the delivery of health care.

### Staff

The Business Criteria for Performance Excellence use the generic term “employees” for those on the organization's payroll responsible for all aspects of product and service development and delivery. These Criteria place great emphasis upon employees as a primary strategic resource whose interests, satisfaction, motivation, and development are important to an organization's success.

These same themes are central to success in health care and are thus emphasized in the Health Care Criteria, beginning with the Core Values and Concepts. In the Criteria, the staff of health care organizations includes health care providers and administrative and support staff. It is recognized that health care providers are sometimes, but not always, employees of the organization. Nevertheless, as key providers of an organization's health care services, health care providers are considered staff for the purposes of the Criteria. By considering health care providers as staff, you are able to

focus on the necessity of including their roles and responsibilities in discussing organizational leadership and human resources. The Health Care Criteria anticipate that all staff are integrated into your organization's management system and contribute to fulfilling your organization's mission.

### **Business and Support Processes**

While the Health Care Criteria place a primary focus on health care service delivery, they recognize most health care organizations carry out a wide variety of activities that directly and indirectly support and/or impact success in the marketplace and the overall organizational mission and operation, but that are not themselves primarily patient or health care related. Such activities are addressed in the Health Care Criteria as business processes (e.g., technology acquisition, information and knowledge management, and mergers and acquisitions) or support processes (e.g., patient support processes such as housekeeping and medical records, and other support processes such as finance and accounting, facilities management, security, billing, and purchasing). In general, there are two types of requirements such processes need to address in an integrated way: (1) requirements of key stakeholders, such as patients, staff, and payors, and (2) effective and efficient use of resources. The Health Care Criteria require that each process address both types of requirements.

### **Primary Focus on Health Care**

Although the Criteria framework is intended to address all organizational requirements, primary emphasis is placed on health care. This is done for two main reasons:

- (1) Improvement of health status is the universal goal of all health care organizations. Thus, sharing of successful health care strategies and methods would have the greatest impact on the nation's health care systems.
- (2) Those who encouraged the creation of a Baldrige Award category for health care cited improvement in health care quality as their primary or only rationale for such an award.

The Criteria focus on the performance of your organization as a health care provider, but also address your organization's business and support operations. This separate attention to health care and business/support operations is not intended to imply that these are independent or unrelated aspects of your organization's performance. Rather, the intent is to ensure that all aspects of your organization's performance are considered, discussed, and integrated.



## CHANGES FROM THE 2000 HEALTH CARE CRITERIA

The Health Care Criteria for Performance Excellence continue to evolve, seeking to enhance coverage of strategy-driven performance, address the needs of all stakeholders, and accommodate important changes in health care needs and practices. The increasing importance of electronic communication, the use of Internet-based interactions, and the alignment of all aspects of your performance management system receive greater attention in the 2001 Health Care Criteria. In addition, the Criteria emphasize the roles of data, information, and information and knowledge management and their use in organizational performance management.

Criteria questions have been better aligned throughout the seven Categories and in the new Organizational Profile to accomplish the purpose of Baldrige self-assessment and external assessment: to determine organizational gaps and alignment in approach and deployment (Categories 1–6) and to determine organizational gaps and strength of performance in results areas (Category 7).

The Organizational Profile, the Criteria Items, and the Scoring Guidelines have been aligned so that the assessment addresses both changing health care needs/directions and ongoing evaluation/improvement of key processes. Both are important because prioritized process improvement (“doing things better”) and addressing changing needs (“doing the right things”) are critical to success in an increasingly competitive environment, and they frequently compete for the same resources.

In addition, efforts continue to align the 2001 Health Care Criteria with the Business Criteria (*2001 Criteria for Performance Excellence*) and the 2001 Education Criteria, thus enabling better communication and cooperation among health care organizations, education organizations, and businesses—a major goal of the Baldrige National Quality Program.

The most significant changes in the Health Care Criteria and the Criteria booklet are summarized as follows:

- The number of Items has been reduced from 19 to 18.
- The number of Areas to Address has been increased from 27 to 29.
- A new Preface entitled Organizational Profile replaces the Business Overview from the 2000 Health Care Criteria. Its placement at the front of the Criteria sets your organizational context for responding to the Criteria Items.
- The Glossary of Key Terms continues to be revised and expanded.
- Category 4, Information and Analysis, now includes an Item on information management. The Category has been rewritten to recognize the growing importance of

the Internet, electronic communication and information transfer and your dependence on reliable information from these communication vehicles.

- Category 6, Process Management, now specifically addresses all key health care service, business, and support processes.

There have been some changes in all Criteria Items; the most significant changes are highlighted and discussed below.

### **Preface: Organizational Profile**

- This new section, to be completed before addressing the Criteria Items, sets a basis for your Baldrige assessment. It is written in the same question format as the Health Care Criteria Items.
- The Organizational Profile is the starting point for self-assessment and for writing an application. It also may be used by itself for an initial self-assessment; if you identify topics for which conflicting, little, or no information is available, it is possible that your assessment need go no further and you can use these topics for action planning.

### **Category 1: Leadership**

- Item 1.1, Organizational Leadership, has been modified to better emphasize the senior leaders' role in creating and setting the current and future environment and in reviewing organizational performance.

### **Category 2: Strategic Planning**

- You now are asked to respond in terms of your short- and longer-term planning time horizons, recognizing that these horizons are quite different among organizations.
- In Item 2.1, Strategy Development, you now are asked how your strategic objectives align with challenges identified in your Organizational Profile.

### **Category 3: Focus on Patients, Other Customers, and Markets**

- Item 3.2, now Patient/Customer Relationships and Satisfaction, places greater emphasis on the key aspects of relationship building: new patient/customer acquisition, satisfaction, and loyalty and development of new health care service opportunities.

### **Category 4: Information and Analysis**

- Item 4.1, now Measurement and Analysis of Organizational Performance, combines Items 4.1 and 4.2 from the 2000 Health Care Criteria. This Item continues to stress measuring, analyzing, aligning, and improving performance throughout the organization.

- Item 4.2, Information Management, is a new Item addressing the availability, quality, and accessibility of data and the quality of software and hardware.

#### **Category 5: Staff Focus**

- Item 5.1, Work Systems, now includes succession planning and a stronger focus on organizing and managing for improved cooperation, communication, and knowledge sharing.

#### **Category 6: Process Management**

- Item 6.2, Business Processes, is a new Item that asks you to identify and describe your key non-health care service processes that lead to business growth and business success. This Item has been added in recognition of the growing importance of processes such as supply chain management, technology acquisition, mergers and acquisitions, and knowledge management.
- Item 6.3, now Support Processes, was Item 6.2 in 2000. It asks you to identify and describe your key processes that support your daily operations and your staff in delivering health care services.
- Item 6.3 from the 2000 Health Care Criteria, Supplier and Partnering Processes, has been discontinued, allowing each organization to address suppliers and partners as appropriate to its organization (Item 6.2).

#### **Category 7: Organizational Performance Results**

- Item 7.1, Patient- and Other Customer-Focused Results, now has two Areas to Address, in recognition of the importance of both health care service measures and patient/customer measures that lead to patient/customer satisfaction and loyalty.
- Item 7.4, Organizational Effectiveness Results, was Item 7.5 in 2000. This Item now covers a wider range of performance, including Supplier and Partner Results, which was a separate Item (7.4) in 2000. Public Responsibility and Citizenship Results have been made a separate Area to Address, in recognition of the importance of these results to the communities served by your organization.

#### **Scoring Guidelines**

- Descriptors for the Approach-Deployment scoring ranges have been modified to highlight the importance of addressing evaluation and improvement, as well as changing health care needs.

## 2001 HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE—ITEM LISTING

<b>P</b>	<b>Preface: Organizational Profile</b>	
	P.1 Organizational Description	
	P.2 Organizational Challenges	
	<b>2001 Categories/Items</b>	<b>Point Values</b>
<b>1</b>	<b>Leadership</b>	<b>120</b>
	1.1 Organizational Leadership	75
	1.2 Public Responsibility and Citizenship	45
<b>2</b>	<b>Strategic Planning</b>	<b>85</b>
	2.1 Strategy Development	40
	2.2 Strategy Deployment	45
<b>3</b>	<b>Focus on Patients, Other Customers, and Markets</b>	<b>85</b>
	3.1 Patient/Customer and Health Care Market Knowledge	40
	3.2 Patient/Customer Relationships and Satisfaction	45
<b>4</b>	<b>Information and Analysis</b>	<b>90</b>
	4.1 Measurement and Analysis of Organizational Performance	50
	4.2 Information Management	40
<b>5</b>	<b>Staff Focus</b>	<b>85</b>
	5.1 Work Systems	35
	5.2 Staff Education, Training, and Development	25
	5.3 Staff Well-Being and Satisfaction	25
<b>6</b>	<b>Process Management</b>	<b>85</b>
	6.1 Health Care Service Processes	45
	6.2 Business Processes	25
	6.3 Support Processes	15
<b>7</b>		<b>450</b>
	7.1 Patient- and Other Customer-Focused Results	125
	7.2 Financial and Market Results	125
	7.3 Staff and Work System Results	80
	7.4 Organizational Effectiveness Results	120
	<b>TOTAL POINTS</b>	<b>1000</b>

**Note:** The Scoring System used with the Criteria Items in a Baldrige assessment can be found on pages 49–50.

## P Preface: Organizational Profile

The *Organizational Profile* is a snapshot of your organization, the key influences on how you operate, and the key challenges you face.

### P.1 Organizational Description

**Describe your organization's performance environment and your key relationships with patients and other customers, suppliers, and other partners.**

Within your response, include answers to the following questions:

#### a. Organizational Environment

- (1) What are your organization's main health care services? Include a description of how they are delivered to patients.
- (2) What is your organizational context/culture? Include your purpose, vision, mission, and values, as appropriate.
- (3) What is your staff profile? Include educational levels, workforce and job diversity, bargaining units, use of contract and privileged staff, and special safety requirements, as appropriate.
- (4) What are your major technologies, equipment, and facilities?
- (5) What is the legal/regulatory environment under which your organization operates? Include occupational health and safety regulations, accreditation requirements, and environmental and financial regulations relevant to health care service delivery.

#### b. Organizational Relationships

- (1) What are your key patient/customer groups and/or market segments? What are their key requirements for your health care services? Include how these requirements differ among patients and other customer groups and/or market segments, as appropriate.
- (2) What are your most important types of suppliers and partners and your most important supply chain requirements? What are your key supplier and partnering relationships and communication mechanisms?

#### Notes:

**N1.** Patient/customer group and health care market segment requirements (P.1b[1]) might include accessibility, continuity of care, electronic communication, and billing requirements.

**N2.** Communication mechanisms (P.1b[2]) should be two-way and might be in person, electronic, by telephone, and/or written. For many organizations, these mechanisms might be changing.

Item notes serve three purposes: (1) to clarify terms or requirements presented in Items, (2) to give instructions on responding to the Criteria Item requirements, and (3) to indicate key linkages to other Items. In all cases, the intent is to help you respond to the Item requirements.

## P.2 Organizational Challenges

**Describe your organization's competitive environment, your key strategic challenges, and your system for performance improvement.**

Within your response, include answers to the following questions:

**a. Competitive Environment**

- (1) What is your competitive position? Include your relative size and growth in the health care industry and the numbers and types of your competitors and key collaborators.
- (2) What are the principal factors that determine your success relative to your competitors and other organizations delivering similar services? Include any changes taking place that affect your competitive situation and/or opportunities for collaborating.

**b. Strategic Challenges**

What are your key strategic challenges? Include operational, human resource, and business challenges, as appropriate.

**c. Performance Improvement System**

How do you maintain an organizational focus on performance improvement? Include your approach to systematic evaluation and improvement of key processes and to fostering organizational learning and knowledge sharing.

### Notes:

**N1.** Factors (P.2a[2]) might include differentiators such as technology leadership, accessibility, health care and administrative support services offered, cost, and e-services.

**N2.** Challenges (P.2b) might include reduced health care service introduction cycle times; mergers and acquisitions; patient/customer loyalty/retention; staff retention; and electronic communication with staff, patients, and other customers.

**N3.** Performance improvement (P.2c) is an assessment dimension used in the Scoring System to evaluate the maturity of organizational approaches and deployment (see pages 49–50). This question is intended to help you and the Baldrige Examiners set a context for your approach to performance improvement.

## Importance of Your Organizational Profile

Your Organizational Profile is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in key information and focus on key performance requirements and results;
- it is used by the Examiners and Judges in all stages of application review, including the site visit, to understand your organization and what you consider important; and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that your assessment need go no further and you can use these topics for action planning.

## Page Limit

For Baldrige Award applicants, the Organizational Profile is limited to five pages. These are not counted in the overall application page limit. Typing and format instructions for the Organizational Profile are the same as for the application. These instructions are given in the *Baldrige Award Application Forms* booklet. Ordering information is given on page 57.

# I Leadership (120 pts.)

The **Leadership** Category examines how your organization's senior leaders address values, directions, and performance expectations, as well as a focus on patients and other key customers and stakeholders, empowerment, innovation, and learning. Also examined is how your organization addresses its responsibilities to the public and supports its key communities.

## I.1 Organizational Leadership (75 pts.)

### Approach-Deployment

**Describe how senior leaders guide your organization, including how they review organizational performance.**

Within your response, include answers to the following questions:

#### a. Senior Leadership Direction

- (1) How do senior leaders set and deploy organizational values, short- and longer-term directions, and performance expectations, including a focus on creating and balancing value for patients and other customers and stakeholders? Include how senior leaders communicate values, directions, and expectations through your leadership system and to all staff.
- (2) How do senior leaders create an environment for empowerment, innovation, organizational agility, and organizational and staff learning?

#### b. Organizational Performance Review

- (1) How do senior leaders review organizational performance and capabilities to assess organizational success, competitive performance, progress relative to short- and longer-term goals, and the ability to address changing health care service needs? Include the key performance measures regularly reviewed by your senior leaders. Also, include your key recent performance review findings.
- (2) How are organizational performance review findings translated into priorities for improvement and opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners to ensure organizational alignment?
- (3) How do senior leaders use organizational performance review findings to improve both their own leadership effectiveness and your leadership system?

### Notes:

**N1.** Senior leaders include the head of the organization and his or her direct reports. In health care organizations with separate administrative/operational and health care provider leadership, senior leaders refer to both sets of leaders and the relationships among those leaders.

**N2.** Organizational directions (1.1a[1]) relate to strategic objectives and action plans described in Items 2.1 and 2.2.

**N3.** Senior leaders' organizational performance reviews (1.1b) should be informed by organizational

performance analyses described in 4.1b and strategic objectives and action plans described in Items 2.1 and 2.2.

**N4.** Leadership effectiveness improvement (1.1b[3]) should be supported by formal and/or informal staff feedback/surveys.

**N5.** Your organizational performance results should be reported in Items 7.1, 7.2, 7.3, and 7.4.

Item responses are assessed by considering the Criteria Item requirements and the maturity of your approaches, breadth of deployment, and strength of your improvement process and results relative to the Scoring System. Refer to the Scoring System information on pages 49–50.

For definitions of the following **key terms**, see pages 31–34: alignment, approach, deployment, empowerment, health care services, innovation, measures, patient, performance, senior leaders, staff, stakeholders, and value.

For additional description of this Item, see page 35.

**Describe how your organization addresses its responsibilities to the public, practices good citizenship, and contributes to the health of its community.**

Within your response, include answers to the following questions:

**a. Responsibilities to the Public**

- (1) How do you address the societal requirements arising from regulation, laws, and accreditation? Include your key processes, measures, and targets for regulatory and legal requirements, for accreditation, and for addressing risks associated with your management of health care services and other organizational operations.
- (2) How do you anticipate public concerns with current and future services and operations? How do you prepare for these concerns in a proactive manner?
- (3) How do you accomplish ethical practices in all stakeholder transactions and interactions?

**b. Support of Key Communities and Community Health**

How do your organization, your senior leaders, and your staff actively support and strengthen your key communities, including actions to build community health? Include how you identify key communities and determine areas of emphasis for organizational involvement and support.

### Notes:

**N1.** Public responsibilities in areas critical to your organization also should be addressed in Strategy Development (Item 2.1) and/or in Process Management (Category 6). Key results, such as results of regulatory/legal compliance (including malpractice) and accreditation, should be reported as Organizational Effectiveness Results (Item 7.4).

**N2.** Ethical requirements in (1.2a[3]) include business, professional, and patient rights issues. They also include public accountability and disclosure of information about your organizational health care performance.

**N3.** In addition to actions to build community health, areas of community support appropriate for inclusion in 1.2b might include your efforts to strengthen local

community services and education, the environment, and practices of business or professional associations.

**N4.** Actions to build community health (1.2b) are population-based services supporting the general health of your community. Such services might include health education programs, immunization programs, unique health services provided at a financial loss, population-screening programs (e.g., hypertension), safety program sponsorship, and indigent care. You should address these results of community health services in Items 7.1 and/or 7.4.

**N5.** The health and safety of staff are not addressed in Item 1.2; you should address these staff factors in Item 5.3.

For additional description of this Item, see page 35.

## 2 Strategic Planning (85 pts.)

The *Strategic Planning* Category examines how your organization develops strategic objectives and action plans. Also examined are how your chosen strategic objectives and action plans are deployed and how progress is measured.

### 2.1 Strategy Development (40 pts.)

#### Approach-Deployment

**Describe how your organization establishes its strategic objectives, including enhancing its performance relative to other organizations providing similar health care services and its overall performance as a health care provider.**

Within your response, include answers to the following questions:

#### a. Strategy Development Process

- (1) What is your overall strategic planning process? Include key steps, key participants, and your short- and longer-term planning time horizons.
- (2) How do you ensure that planning addresses the following key factors? Briefly outline how relevant data and information are gathered and analyzed to address these factors:
  - customer and health care market needs/expectations/opportunities
  - your competitive environment and/or the collaborative environment to conserve community resources and your capabilities relative to competitors
  - technological and other key changes that might affect your health care services and/or how you operate
  - your strengths and weaknesses, including staff and other resources
  - your supplier/partner strengths and weaknesses, including those of any health care provider alliances
  - financial, societal, regulatory, and other potential risks

#### b. Strategic Objectives

- (1) What are your key strategic objectives and your timetable for accomplishing them? Include key goals/targets, as appropriate.
- (2) How do your strategic objectives address the challenges identified in response to P.2 in your Organizational Profile? How do you ensure that your strategic objectives balance the needs of patients and other key customers and stakeholders?

#### Notes:

**N1.** “Strategy development” refers to your organization’s approach (formal or informal) to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, and/or other approaches to envisioning the future for purposes of decision making and resource allocation.

**N2.** “Strategy” should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new health care services and/or delivery processes and markets; revenue growth via various approaches, including acquisitions; and new partnerships and alliances. Strategy might be directed toward becoming a preferred provider, a research leader, or an integrated service provider.

**N3.** Challenges (2.1b[2]) addressed in your strategy might include access and locations, rapid response, customization, rapid innovation, Web-based provider/patient and other customer relationship management, and health care service quality. Responses to Item 2.1 should focus on your specific challenges—those most important to your success and to strengthening your organization’s overall performance as a health care provider.

**N4.** Item 2.1 addresses your overall organizational strategy, which might include changes in health care services and programs. However, the Item does not address service and program design; you should address these factors in Item 6.1.

For definitions of the following **key terms**, see pages 33–34: process and strategic objectives.

For additional description of this Item, see pages 36–37.

**Describe how your organization converts its strategic objectives into action plans. Summarize your organization's action plans and related key performance measures/indicators. Project your organization's future performance on these key performance measures/indicators.**

Within your response, include answers to the following questions:

**a. Action Plan Development and Deployment**

- (1) How do you develop and deploy action plans to achieve your key strategic objectives? Include how you allocate resources to ensure accomplishment of your action plans.
- (2) What are your key short- and longer-term action plans? Include key changes, if any, in your health care services and programs, your customers/markets (including patient populations), and how you operate.
- (3) What are your key human resource plans that derive from your short- and longer-term strategic objectives and action plans?
- (4) What are your key performance measures/indicators for tracking progress relative to your action plans? How do you ensure that your overall action plan measurement system achieves organizational alignment and covers all key deployment areas and stakeholders?

**b. Performance Projection**

What are your performance projections for your key measures/indicators for both your short- and longer-term time horizons? How does your projected performance compare with competitors or other organizations providing similar health care services, key benchmarks, goals, and past performance, as appropriate?

**Notes:**

**N1.** Action plan development and deployment are closely linked to other Items in the Criteria. Examples of key linkages are

- Item 1.1 for how your senior leaders set and communicate directions;
- Category 3 for gathering patient/customer and health care market knowledge as input to your strategy and action plans and for deploying action plans;
- Category 4 for information and analysis to support your key information needs, to support your development of strategy, to provide an effective basis for your performance measurements, and to track progress relative to your strategic objectives and action plans;

- Category 5 for your work system needs; staff education, training, and development needs; and related human resource factors resulting from action plans;
- Category 6 for process requirements resulting from your action plans; and
- Item 7.4 for specific accomplishments relative to your organizational strategy.

**N2.** Measures/indicators of projected performance (2.2b) might include changes resulting from new ventures; acquisitions; new value creation; health care market entry and shifts; and significant anticipated innovations in health care service delivery and technology.

For definitions of the following **key terms**, see pages 31–32: action plans, benchmarks, measures and indicators.

For additional description of this Item, see pages 37–38.

## 3 Focus on Patients, Other Customers, and Markets (85 pts.)

The *Focus on Patients, Other Customers, and Markets* Category examines how your organization determines requirements, expectations, and preferences of patients, other customers, and markets. Also examined is how your organization builds relationships with patients/customers and determines the key factors that lead to patient/customer acquisition, satisfaction, and retention and to health care service expansion.

### 3.1 Patient/Customer and Health Care Market Knowledge (40 pts.)

#### Approach-Deployment

**Describe how your organization determines requirements, expectations, and preferences of patients, other customers, and markets to ensure the continuing relevance of your health care services and to develop new health care service opportunities.**

Within your response, include answers to the following questions:

#### a. Patient/Customer and Health Care Market Knowledge

- (1) How do you determine or target customers, patient and other customer groups, and/or health care market segments? How do you include customers of competitors and other potential customers and/or markets in this determination?
- (2) How do you listen and learn to determine key patient/customer requirements (including health care service features) and their relative importance/value to patients'/customers' health care purchasing decisions for purposes of health care service planning, marketing, improvements, and other business development? In this determination, how do you use relevant information from current and former patients/customers, including marketing information, patient/customer retention data, won/lost analysis, and complaints? If determination methods vary for different patients/customers and/or customer groups, describe the key differences in your determination methods.
- (3) How do you keep your listening and learning methods current with health care service needs and directions?

#### Notes:

**N1.** Patients, as a key customer group, are frequently identified separately in the Criteria. Other customer groups could include patients' families, the community, insurers/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. Generic references to customers include patients.

**N2.** Customer groups (3.1a[1]) might include Web-based customers and/or customers with whom you have direct contact. Key health care service features and purchasing decisions might take into account transactional modes and factors such as confidentiality and security.

**N3.** "Health care service features" (3.1a[2]) refers to all important characteristics of your services that patients and other customers receive. This includes all customers' overall interactions with you and their service experiences. The focus should be on features that affect customer preference and loyalty and the

customers' view of clinical and service quality—for example, those features that differentiate your organization's services from other providers offering similar services. Beyond specific health care provision, those features might include factors such as extended hours, family support services, cost, assistance with billing/paperwork processes, and transportation assistance.

**N4.** The determination of health care service features and their relative importance (3.1a[2]) should take into account the potentially differing expectations of patients and other customers.

**N5.** Listening/learning (3.1a[2]) might include gathering and integrating Web-based data and information that bear upon patients'/customers' health care purchasing decisions. Keeping your listening and learning methods current with health care service needs and directions (3.1a[3]) also might include use of current and new technology, such as Web-based data gathering.

For additional description of this Item, see pages 38–39.

### 3.2 Patient/Customer Relationships and Satisfaction (45 pts.)

#### Approach-Deployment

**Describe how your organization builds relationships to acquire, satisfy, and retain patients/customers and to develop new health care service opportunities. Describe also how your organization determines patient/customer satisfaction.**

Within your response, include answers to the following questions:

#### a. Patient/Customer Relationships

- (1) How do you build relationships to acquire and satisfy patients/customers and to develop loyalty and positive referrals?
- (2) How do you determine key patient and other customer contact requirements and how they vary for differing modes of access? How do you ensure that these contact requirements are deployed to all people involved in the response chain? Include a summary of your key access mechanisms for patients and other customers to seek information, obtain services, and make complaints.
- (3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly and that all complaints are aggregated and analyzed for use in improvement throughout your organization and by your partners, as appropriate.
- (4) How do you keep your approaches to building relationships and providing patient/customer access current with health care service needs and directions?

#### b. Patient/Customer Satisfaction Determination

- (1) How do you determine patient and other customer satisfaction and dissatisfaction and use this information for improvement? Include how you ensure that your measurements capture actionable information that predicts patients'/customers' future interactions with your organization, provider loyalty, and/or potential for positive referral. Describe significant differences in determination methods for different customer groups.
- (2) How do you follow up with patients and other customers on health care services and transactions to receive prompt and actionable feedback?
- (3) How do you obtain and use information on patient/customer satisfaction relative to satisfaction with competitors, other organizations providing similar health care services, and/or benchmarks, as appropriate?
- (4) How do you keep your approaches to determining satisfaction current with health care service needs and directions?

#### Notes:

**N1.** Patient/customer relationships (3.2a) might include the development of partnerships or alliances with customers.

**N2.** Determining patient/customer satisfaction and dissatisfaction (3.2b) might include use of any or all of the following: surveys, formal and informal feedback, use of customer account histories, complaints, and information on timeliness of service delivery. Information might be gathered on the Internet, through personal contact or a third party, or by mail.

**N3.** Patient/customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Actionable patient/customer satisfaction measurements provide useful information about specific service features, delivery, relationships, and transactions that bear upon the patients'/customers' future actions—choice of health care provider and/or positive referral.

**N4.** Your patient/customer satisfaction and dissatisfaction results should be reported in Item 7.1.

For additional description of this Item, see page 39.

## 4 Information and Analysis (90 pts.)

The **Information and Analysis** Category examines your organization's information management and performance measurement systems and how your organization analyzes performance data and information.

### 4.1 Measurement and Analysis of Organizational Performance (50 pts.)

#### Approach-Deployment

Describe how your organization provides effective performance management systems for measuring, analyzing, aligning, and improving performance as a health care provider at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

#### a. Performance Measurement

- (1) How do you gather and integrate data and information from all sources to support daily operations and organizational decision making as a health care provider?
- (2) How do you select and align measures/indicators (clinical, financial, and operational) for tracking daily operations and overall organizational performance?
- (3) How do you select and ensure the effective use of key comparative data and information?
- (4) How do you keep your performance measurement system current with health care service needs and directions?

#### b. Performance Analysis

- (1) What analyses do you perform to support your senior leaders' organizational performance review and your organization's strategic planning?
- (2) How do you communicate the results of organizational-level analysis to work group and/or functional-level operations to enable effective support for decision making?
- (3) How do you align the results of organizational-level analysis with your key organizational performance results, strategic objectives, and action plans? How do these results provide the basis for projections of continuous and breakthrough improvements in performance?

#### Notes:

**N1.** Performance measurement is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, and whole organization levels.

**N2.** Comparative data and information sources (4.1a[3]) include benchmarking and competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside the health care industry. Competitive comparisons relate your organization's performance to that of competitors and other organizations providing similar health care services. These data may be drawn from local or national sources.

**N3.** Analysis includes examining trends; organizational, health care industry, and technology projections; and

comparisons, cause-effect relationships, and correlations intended to support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, analysis draws upon all types of data: patient-/customer-related, health care outcomes, financial and market, operational, and competitive/comparative.

**N4.** The results of organizational performance analysis should contribute to your senior leaders' organizational performance review in 1.1b and organizational strategic planning in Category 2.

**N5.** Your organizational performance results should be reported in Items 7.1, 7.2, 7.3, and 7.4.

For a definition of the following **key term**, see page 31: analysis.

For additional description of this Item, see pages 40–42.

**Describe how your organization ensures the quality and availability of needed data and information for staff, suppliers/partners, and patients/customers.**

Within your response, include answers to the following questions:

**a. Data Availability**

- (1) How do you make needed data and information available? How do you make them accessible to staff, suppliers/partners, and patients/customers, as appropriate?
- (2) How do you ensure data and information integrity, reliability, accuracy, timeliness, security, and confidentiality?
- (3) How do you keep your data and information availability mechanisms current with health care service needs and directions?

**b. Hardware and Software Quality**

- (1) How do you ensure that hardware and software are reliable and user friendly?
- (2) How do you keep your software and hardware systems current with health care service needs and directions?

**Notes:**

**N1.** Data availability (4.2a) is of growing importance as the Internet and electronic communication/information transfer are used increasingly for provider, provider-to-patient/customer, and business-to-business interactions and intranets become more

important as a major source of organization-wide communications.

**N2.** Data and information access (4.2a[1]) might be via electronic and other means.

For additional description of this Item, see page 42.

## 5 Staff Focus (85 pts.)

The **Staff Focus** Category examines how your organization motivates and enables all staff to develop and utilize their full potential in alignment with your organization's overall objectives and action plans. Also examined are your organization's efforts to build and maintain a work environment and a staff support climate conducive to performance excellence and to personal and organizational growth.

### 5.1 Work Systems (35 pts.)

#### Approach-Deployment

**Describe how your organization's work and jobs, compensation, career progression, and related workforce practices motivate and enable all staff and the organization to achieve high performance.**

Within your response, include answers to the following questions:

#### a. Work Systems

- (1) How do you organize and manage work and jobs to promote cooperation, initiative/innovation, your organizational culture, and the flexibility to keep current with health care service needs? How do you achieve effective communication and knowledge/skill sharing across health care professions, departments/work units, jobs, and locations, as appropriate?
- (2) How do you motivate staff to develop and utilize their full potential? Include formal and/or informal mechanisms you use to help staff attain job- and career-related development/learning objectives and the role of managers and supervisors in helping staff attain these objectives.
- (3) How does your staff performance management system, including feedback to staff, support high performance and a patient/customer and health care service focus? How do your compensation, recognition, and related reward/incentive practices reinforce these objectives?
- (4) How do you accomplish effective succession planning throughout the organization, including senior administrative and health care leadership, as appropriate?
- (5) How do you identify characteristics and skills needed by potential staff? How do you recruit, hire, and retain new staff? How do your work systems capitalize on the diverse ideas, cultures, and thinking of the communities with which you interact (your staff hiring and patient/customer communities)?

#### Notes:

**N1.** "Staff" refers to all people who contribute to the delivery of your organization's services, including paid staff (e.g., permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary). Staff includes team leaders, supervisors, and managers at all levels. Contract employees supervised by a contractor should be addressed in business or support processes in Category 6.

**N2.** "Your organization's work" refers to how your staff are organized and/or organize themselves in formal and informal, temporary, or longer-term units.

This might include work teams, process teams, patient/customer action teams, problem-solving teams, centers of excellence, functional units, cross-functional teams, and departments—self-managed or managed by supervisors.

"Jobs" refers to responsibilities, authorities, and tasks of individuals. In some work systems, jobs might be shared by a team.

**N3.** Compensation and recognition (5.1a[3]) include promotions and bonuses that might be based upon performance, skills acquired, and other factors. Recognition includes monetary and nonmonetary, formal and informal, and individual and group mechanisms. Recognition systems for volunteers and independent practitioners who contribute to the work of the organization should be included, as appropriate.

For a definition of the following **key term**, see page 32: **high-performance work**.

For additional description of this Item, see pages 42–43.

## 5.2 Staff Education, Training, and Development (25 pts.)

### Approach-Deployment

Describe how your organization's education and training support the achievement of your overall objectives, including building staff knowledge, skills, and capabilities and contributing to high performance.

Within your response, include answers to the following questions:

a. Staff Education, Training, and Development

- (1) How do education and training contribute to the achievement of your action plans? How does your education and training approach balance short- and longer-term organizational objectives and staff needs, including licensure and recredentialing requirements, development, learning, and career progression?
- (2) How do you seek and use input from staff and their supervisors/managers on education and training needs and delivery options?
- (3) How do you address in your staff education, training, and development your key organizational needs associated with technological change, management/leadership development, new staff orientation, safety, performance measurement/improvement, and diversity?
- (4) How do you deliver education and training? Include formal and informal delivery, including mentoring and other approaches, as appropriate. How do you evaluate the effectiveness of education and training, taking into account individual and organizational performance?
- (5) How do you reinforce the use of knowledge and skills on the job?

#### Notes:

N1. Technological change (5.2a[3]) might include computer and Internet literacy.

N2. Education and training delivery (5.2a[4]) might occur inside or outside your organization and involve

on-the-job, classroom, computer-based, distance learning, and/or other types of delivery (formal or informal).

For additional description of this Item, see page 43.

**Describe how your organization maintains a work environment and staff support climate that contribute to the well-being, satisfaction, and motivation of all staff.**

Within your response, include answers to the following questions:

**a. Work Environment**

How do you improve workplace health, safety, and ergonomics? How do staff take part in improving them? Include performance measures and/or targets for each key environmental factor. Also include significant differences, if any, based on varying work environments for staff groups and/or work units.

**b. Staff Support and Satisfaction**

- (1) How do you determine the key factors that affect staff well-being, satisfaction, and motivation? How are these factors segmented for a diverse workforce and for varying categories and types of staff, as appropriate?
- (2) How do you support your staff via services, benefits, and policies? How are these tailored to the needs of a diverse workforce and different categories and types of staff, as appropriate?
- (3) What formal and/or informal assessment methods and measures do you use to determine staff well-being, satisfaction, and motivation? How do you tailor these methods and measures to a diverse workforce and to different categories and types of staff, as appropriate? How do you use other indicators, such as staff retention, absenteeism, grievances, safety, and productivity, to assess and improve staff well-being, satisfaction, and motivation?
- (4) How do you relate assessment findings to key organizational performance results to identify priorities for improving the work environment and staff support climate?

**Notes:**

**N1.** Specific factors that might affect your staff's well-being, satisfaction, and motivation (5.3b[1]) include effective staff problem or grievance resolution; safety factors; staff views of management; staff training, development, and career opportunities; staff preparation for changes in technology or the work organization; the work environment and other work conditions; management's empowerment of staff; information sharing by management; workload; cooperation and teamwork; recognition; services and benefits; communications; job security; compensation; and equal opportunity.

**N2.** Approaches for staff support (5.3b[2]) might include providing counseling, career development and employability services, recreational or cultural activities, nonwork-related education, day care, job rotation or sharing, special leave for family responsibilities or community service, home safety training, flexible work hours and location, outplacement, and retirement benefits (including extended health care).

**N3.** Measures/indicators of well-being, satisfaction, and motivation (5.3b[3]) might include data on safety and absenteeism, the overall turnover rate, the turnover rate for patient/customer contact staff, staff members' charitable contributions, grievances, strikes, other job actions, insurance costs, worker's compensation claims, and results of surveys. Survey indicators of satisfaction might include staff knowledge of job roles, staff knowledge of organizational direction, and staff perception of empowerment and information sharing. Your results relative to such measures/indicators should be reported in Item 7.3.

**N4.** Setting priorities (5.3b[4]) might draw upon your staff and work system results presented in Item 7.3 and might involve addressing staff problems based on their impact on your organizational performance.

For additional description of this Item, see pages 43–44.

## 6 Process Management (85 pts.)

The **Process Management** Category examines the key aspects of your organization's process management, including patient-/customer-focused design, health care service delivery, key business, and support processes. This Category encompasses all key processes and all departments and work units.

### 6.1 Health Care Service Processes (45 pts.)

#### Approach-Deployment

**Describe how your organization manages key processes for health care service design and delivery.**

Within your response, include answers to the following questions:

#### a. Health Care Service Design Processes

- (1) What are your design processes for health care services and their related delivery systems and processes?
- (2) How do you make decisions to launch new or significantly modified health care services, including how you factor financial considerations into decision making?
- (3) How do you incorporate changing patient/customer and market requirements into health care service designs and service delivery systems and processes?
- (4) How do you incorporate new technology, including e-technology, into health care services and into service delivery systems and processes, as appropriate?
- (5) How do your health care service design processes address design quality and cycle time, transfer of learning from past projects and other parts of the organization, improved health care outcomes, cost control, new design technology, productivity, and other efficiency/effectiveness factors?
- (6) How do you design your health care service delivery systems and processes to meet all key operational performance requirements, including regulatory/accreditation requirements?
- (7) How do you coordinate and test your health care service design and delivery systems and processes? Include how you prevent errors/rework and ensure capability for trouble-free and timely introduction of health care services.

#### b. Health Care Service Delivery Processes

- (1) What are your key health care service delivery processes and their key performance requirements?
- (2) How are patients' expectations addressed and considered? Include how health care service delivery processes and likely outcomes are explained to set realistic patient expectations, and how patient decision making and patient preferences are factored into the delivery of health care services.
- (3) How does your day-to-day operation of key health care service delivery processes ensure meeting key performance requirements, including regulatory and payor requirements?
- (4) What are your key performance assessments and measures/indicators used for the control and improvement of these processes? Include how in-process measures and real-time patient/customer and supplier/partner input are used in managing your health care service processes, as appropriate.
- (5) How do you perform inspections and process and/or performance tests and audits to minimize errors and/or rework costs, as appropriate? Include your prevention-based processes for controlling inspection and audit costs, as appropriate.
- (6) How do you improve your health care service delivery systems and processes to achieve better process performance and improvements in health care services and health care outcomes, as appropriate? How are improvements shared with other organizational units and processes and your suppliers/partners, as appropriate?

**N1.** "Health care service processes" refers to patient and community service processes for the purpose of prevention, maintenance, health promotion, screen-

ing, diagnosis, treatment/therapy, rehabilitation, and recovery. This includes services delivered to patients through other providers (e.g., laboratory or radiology

studies). Responses to Item 6.1 should be based upon the most critical requirements for successful delivery of your services.

**N2.** Key processes for the conduct of health care research and/or a teaching mission should be reported in either Item 6.1 or 6.3, as appropriate to your organization's mission.

**N3.** Design requirements should include all appropriate components of health care service delivery. In a group practice, this might be making the appointment, presentation, evaluation of risk factors, health education, and appointment closures. Depending

upon the health care service, this might include a significant focus on technology and/or patient-specific considerations.

**N4.** Responses to Item 6.1 should include how your patients/customers and key suppliers and partners are involved in your design processes, as appropriate.

**N5.** The results of operational improvements in your health care service design and delivery processes should be reported in Item 7.4. Results of improvements in health care outcomes and health care service performance should be reported in Item 7.1.

For definitions of the following **key terms**, see pages 31 and 33: cycle time and productivity.

For additional description of this Item, see pages 44–45.

## 6.2 Business Processes (25 pts.)

### Approach-Deployment

**Describe how your organization manages its key processes that lead to business growth and success.**

Within your response, include answers to the following questions:

**a. Business Processes**

- (1) What are your key business processes for business growth and success?
- (2) How do you determine key business process requirements, incorporating input from customers and suppliers/partners, as appropriate? What are the key requirements for these processes?
- (3) How do you design and perform these processes to meet all the key requirements?
- (4) What are your key performance measures/indicators used for the control and improvement of these processes? Include how in-process measures and customer and supplier feedback are used in managing your business processes, as appropriate.
- (5) How do you minimize overall costs associated with inspections, tests, and process/performance audits, as appropriate?
- (6) How do you improve your business processes to achieve better performance and to keep them current with business and health care service needs and directions? How are improvements shared with other organizational units and processes, as appropriate?

### Notes:

**N1.** Your key business processes are those non-health care service processes that are considered most important to business growth and success by your organization's senior leaders. These might include processes for innovation, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, project management, and sales/marketing. The key business processes to be included in Item 6.2 are distinctive to your organization and how you operate.

**N2.** To provide as complete and concise a response as possible for your key business processes, you might

want to use a tabular format identifying the key processes and the attributes of each as called for in questions 6.2a(1) – 6.2a(4). Depending on the structure of your health care staff, your response to Item 6.2 might deal with some aspects of health care provider services if there is a customer-supplier relationship. Health care staff should still be addressed in Item 1.1 and Category 5.

**N3.** The results of improvements in your key business processes and key business process performance results should be reported in Item 7.4.

For additional description of this Item, see pages 45–46.

**Describe how your organization manages its key processes that support your daily operations and your staff in delivering health care services.**

Within your response, include answers to the following questions:

**a. Support Processes**

- (1) What are your key processes for supporting your daily operations and your staff in delivering health care services?
- (2) How do you determine key support process requirements, incorporating input from internal customers, as appropriate? What are the key operational requirements (such as productivity and cycle time) for these processes?
- (3) How do you design these processes to meet all the key requirements?
- (4) How does your day-to-day operation of key support processes ensure meeting key performance requirements?
- (5) What are your key performance measures/indicators used for the control and improvement of these processes? Include how in-process measures and internal customer feedback are used in managing your support processes, as appropriate.
- (6) How do you minimize overall costs associated with inspections, tests, and process/performance audits?
- (7) How do you improve your support processes to achieve better performance and to keep them current with health care service needs and directions? How are improvements shared with other organizational units and processes, as appropriate?

**Notes:**

**N1.** Your key support processes are those that are considered most important for support of your organization's health care service design and delivery processes and daily operations. These might include key patient support processes (e.g., housekeeping and medical records) and key administrative support

processes (e.g., finance and accounting), facilities management, legal, and human resources.

**N2.** The results of improvements in your key support processes and key support process performance results should be reported in Item 7.4.

For additional description of this Item, see page 46.

## 7 Organizational Performance Results (450 pts.)

The **Organizational Performance Results** Category examines your organization's performance and improvement in key areas—patient/customer satisfaction, health care services, financial and marketplace performance, staff and work system results, and operational performance. Also examined are performance levels relative to those of competitors and other organizations providing similar health care services.

### 7.1 Patient- and Other Customer-Focused Results (125 pts.)

Results

**Summarize your organization's key patient- and other customer-focused results, including patient/customer satisfaction and health care service performance results. Segment your results by customer groups and market segments, as appropriate. Include appropriate comparative data.**

Provide data and information to answer the following questions:

**a. Health Care Service Results**

What are your current levels and trends in key measures/indicators of health care outcomes, health care service delivery results, and patients' functional status?

**b. Patient/Customer Results**

- (1) What are your current levels and trends in key measures/indicators of patient and other customer satisfaction, dissatisfaction, and satisfaction relative to competitors and other organizations providing similar health care services?
- (2) What are your current levels and trends in key measures/indicators of patient-/customer-perceived value, patient/customer retention, positive referral, and/or other aspects of building relationships with patients/customers, as appropriate?

#### Notes:

**N1.** Patient/customer satisfaction and dissatisfaction results reported in this Item should relate to determination methods and data described in Item 3.2.

**N2.** There may be several different dimensions of patient satisfaction, such as satisfaction with quality of care, satisfaction with provider interaction, satisfaction with the long-term health outcome, and satisfaction with ancillary services. All of these areas are appropriate satisfaction indicators.

**N3.** Measures/indicators of your patients'/customers' satisfaction relative to satisfaction with competitors or other organizations providing similar health care

services might include objective information and data from your customers and from independent organizations.

**N4.** Health care service performance (7.1a) might include measures of success in providing nontraditional services to patients/customers, such as Internet-based services.

**N5.** Comparative data might include data from similar organizations and health care industry benchmarks. Such data might be derived from surveys, published and public studies, participation in indicator programs, or other sources.

For a definition of the following **key term**, see page 33: results.

For additional description of this Item, see page 47.

## 7.2 Financial and Market Results (125 pts.)

### Results

**Summarize your organization's key financial and health care marketplace performance results by market segments, as appropriate. Include appropriate comparative data.**

Provide data and information to answer the following questions:

**a. Financial and Market Results**

- (1) What are your current levels and trends in key measures/indicators of financial performance, including aggregate measures of financial return and/or economic value, as appropriate?
- (2) What are your current levels and trends in key measures/indicators of health care marketplace performance, including market share/position, business growth, and new markets entered, as appropriate?

### Notes:

**N1.** Responses to 7.2a(1) might include aggregate measures such as return on investment (ROI), asset utilization, operating margins, profitability (if relevant), profitability by market/customer segment, liquidity, debt to equity ratio, value added per staff

member, bond ratings (if appropriate), and financial activity measures.

**N2.** New markets entered (7.2a[2]) might include offering Web-based services.

For additional description of this Item, see page 48.

## 7.3 Staff and Work System Results (80 pts.)

### Results

**Summarize your organization's key staff and work system results, including staff well-being, satisfaction, and development and work system performance. Segment your results to address the diversity of your workforce and the different types and categories of staff, as appropriate. Include appropriate comparative data.**

Provide data and information to answer the following questions:

**a. Staff and Work System Results**

- (1) What are your current levels and trends in key measures/indicators of staff well-being, satisfaction and dissatisfaction, and development?
- (2) What are your current levels and trends in key measures/indicators of work system performance and effectiveness?

### Notes:

**N1.** Results reported in this Item should relate to activities described in Category 5. Your results should be responsive to key process needs described in Category 6 and to your organization's action plans and human resource plans described in Item 2.2.

**N2.** For appropriate measures of staff well-being and satisfaction (7.3a[1]), see Notes to Item 5.3. Appropriate measures/indicators of staff development might

include innovation and suggestion rates, courses completed, learning, on-the-job performance improvements, credentialing, and cross-training rates.

**N3.** Appropriate measures/indicators of work system performance and effectiveness (7.3a[2]) might include job and job classification simplification, job rotation, work layout, and changing supervisory ratios.

For additional description of this Item, see page 48.

## 7.4 Organizational Effectiveness Results (120 pts.)

### Results

**Summarize your organization's key performance results that contribute to the achievement of organizational effectiveness. Include appropriate comparative data.**

Provide data and information to answer the following questions:

**a. Operational Results**

- (1) What are your current levels and trends in key measures/indicators of the operational performance of key design, service delivery, business, and support processes? Include productivity, cycle time, supplier/partner performance, and other appropriate measures of effectiveness and efficiency.
- (2) What are your results for key measures/indicators of accomplishment of organizational strategy?

**b. Public Responsibility and Citizenship Results**

- (1) What are your results for key measures/indicators of organizational accreditation, assessment, and regulatory/legal compliance?
- (2) What are your results for key measures/indicators of citizenship and contribution to the health of your community?

### Notes:

**N1.** Results reported in 7.4a should address your key operational requirements and progress toward accomplishment of your key organizational performance goals as presented in the Organizational Profile and in Items 1.1, 2.2, 6.1, 6.2, and 6.3. Include results not reported in Items 7.1, 7.2, and 7.3.

**N2.** Regulatory/legal compliance results reported in 7.4b(1) should address requirements described in Item 1.2. If your organization has received sanctions or adverse actions under law (including malpractice),

regulation, accreditation, or contract during the past three years, briefly describe the incident(s) and current status. If settlements have been negotiated in lieu of potential sanctions or adverse actions, give explanations.

**N3.** Results reported in Item 7.4 should provide key information for analysis (Item 4.1) and review (Item 1.1) of your organizational performance and should provide the operational basis for patient- and other customer-focused results (Item 7.1) and financial and market results (Item 7.2).

For additional description of this Item, see page 48.

## GLOSSARY OF KEY TERMS

This Glossary of Key Terms defines and briefly describes terms used throughout the Health Care Criteria booklet that are important to performance management.

### Action Plans

The term “action plans” refers to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective organization-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creation of aligned measures for all departments and work units. Deployment might also require specialized training for some staff or recruitment of personnel.

An example of a strategic objective for a health system in an area with an active business alliance focusing on cost and quality of health care might be to become the low cost provider. Action plans likely would entail design of efficient processes to minimize length of hospital stays, analysis of resource and asset use, and analysis of the most commonly encountered Diagnosis Related Groups (DRGs) with a focus on preventive health in those areas. Performance requirements might include staff training in setting priorities based upon costs and benefits. Organizational-level analysis and review likely would emphasize process efficiency, cost per member, and health care quality.

### Alignment

“Alignment” refers to consistency of plans, processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals. Effective alignment requires common understanding of purposes and goals and use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the department and work unit level.

### Analysis

“Analysis” refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall organizational analysis guides process management toward achieving key organizational performance results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Actions depend on understanding relationships, derived from analysis of facts and data.

### Approach

“Approach” refers to how an organization addresses the Baldrige Criteria Item requirements, i.e., the methods and processes used by the organization. Approaches are evaluated on the basis of the appropriateness of the methods/processes to the Item requirements, effectiveness of their use, and alignment with organizational needs. For further description, see the Scoring System on page 49.

### Benchmarks

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organization’s industry. Organizations engage in benchmarking activities to understand the current dimensions of world-class performance and to achieve discontinuous (nonincremental) or breakthrough improvement.

Benchmarks are one form of comparative data. Other comparative data organizations might use include information obtained from other organizations through sharing or contributing to external reference databases, information obtained from the open literature (e.g., outcomes of research studies and practice guidelines), data gathering and evaluation by independent organizations (e.g., Health Care Finance Administration, accrediting organizations, and commercial organizations) regarding industry data (frequently industry averages), performance of competitors, and comparisons with other organizations providing similar health care services.

### Cycle Time

“Cycle time” refers to the time required to fulfill commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving overall performance. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include test results reporting time, time to introduce new health care technology, order fulfillment time, length of stay, billing time, and other key measures of time.

### Deployment

“Deployment” refers to the extent to which an organization’s approach is applied to the requirements of a Baldrige Criteria Item. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant processes and departments/work units throughout the organization. For further description, see the Scoring System on page 49.

## Empowerment

“Empowerment” refers to giving staff the authority and responsibility to make decisions and take appropriate actions. Empowerment results in decisions being made closest to the patient or the business “front line,” where patient/customer needs and work-related knowledge and understanding reside.

Empowerment is aimed at enabling staff to satisfy patients/customers on first contact, to improve processes and increase productivity, and to better the organization’s health care and other performance results. Empowered staff require information to make appropriate decisions; thus, an organizational requirement is to provide that information in a timely and useful way.

## Health Care Services

The term “health care services” refers to all services delivered by the organization that involve professional clinical/medical judgment, including those delivered to patients and those delivered to the community.

## High-Performance Work

“High-performance work” refers to work approaches used to *systematically* pursue ever higher levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time performance. High-performance work results in improved service for patients/customers and other stakeholders.

Approaches to high-performance work vary in form, function, and incentive systems. Effective approaches frequently include cooperation between administration/management and the staff, which may involve workforce bargaining units; cooperation among work units, often involving teams; self-directed responsibility/staff empowerment; staff input to planning; individual and organizational skill building and learning; learning from other organizations; flexibility in job design and work assignments; a flattened organizational structure, where decision making is decentralized and decisions are made closest to the patient or the business “front line”; and effective use of performance measures, including comparisons. Many high-performance work systems use monetary and nonmonetary incentives based upon factors such as organizational performance, team and/or individual contributions, and skill building. Also, high-performance work approaches usually seek to align the organization’s structure, work, jobs, staff development, and incentives.

## Innovation

“Innovation” refers to making meaningful change to improve services and/or processes and create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is either new or new to its proposed application.

Successful organizational innovation is a multistep process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with health care research and technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or change in approach or outputs.

## Measures and Indicators

The term “measures and indicators” refers to numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall organization (outcomes). The Health Care Criteria place particular focus on measures of health care outcomes, health care service delivery, and patients’ functional status. Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer the term indicator (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor (“leading indicator”) of some more significant performance (e.g., increased patient satisfaction might be a leading indicator of a gain in HMO member retention).

## Patient

“Patient” refers to the person receiving health care, including preventive, promotion, acute, chronic, rehabilitative, and all other services in the continuum of care. Other terms organizations use for patient include member, consumer, client, or resident.

## Performance

“Performance” refers to output results obtained from processes and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Performance might be expressed in nonfinancial and financial terms.

The Baldrige Criteria address three types of performance: (1) patient- and other customer-focused, including health care performance; (2) financial and marketplace; and (3) operational.

“Patient- and other customer-focused performance” refers to performance relative to measures and indicators of health care service important to patients/customers and to measures and indicators of patients’/customers’ perceptions, reactions, and behaviors. Examples of health care performance include reductions in hospital admission rates,

mortality and morbidity rates, nosocomial infection rates, length of stay and increases in outside-the-hospital treatment of chronic illnesses, lifestyle changes, patient compliance and adherence, and patient experienced error level. Health care performance might be measured at the organizational level and at the DRG-specific level. Examples of patient- and other customer-focused performance include patient loyalty, customer retention, complaints, customer survey results, and service response time.

“Financial and marketplace performance” refers to performance using measures of cost, revenue, and market position, including asset utilization, asset growth, and market share. Examples include returns on investments, bond ratings, debt to equity ratio, returns on assets, operating margins, other profitability and liquidity measures, and market gains.

“Operational performance” refers to organizational, staff, and supplier performance relative to effectiveness and efficiency measures/indicators. Examples include cycle time, productivity, waste reduction, accreditation results, legal/regulatory compliance, community involvement, and contributions to community health. Operational performance might be measured at the department/work unit level, key process level, and organizational level.

## Process

“Process” refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, such as health care treatment, particularly when customers are directly involved in the service, process is used in a more general way, i.e., to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Service processes involving customers also require guidance to the providers of those services on handling contingencies related to customers’ likely or possible actions or behaviors.

In knowledge work such as health care assessment and diagnosis, strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understandings regarding competent performance such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

## Productivity

“Productivity” refers to measures of the efficiency of resource use.

Although the term often is applied to single factors such as staffing (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether the net effect of overall changes in a process—possibly involving resource tradeoffs—is beneficial.

## Results

The term “results” refers to outcomes achieved by an organization in addressing the purposes of a Baldrige Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements. For further description, see the Scoring System on page 49.

## Senior Leaders

The term “senior leaders” refers to an organization’s senior management group or team. In many organizations, this consists of the head of the organization and his or her direct reports. In health care organizations with separate administrative/operational and health care provider leadership, “senior leaders” refers to both sets of leaders and the relationships among those leaders.

## Staff

“Staff” refers to all people who contribute to the delivery of an organization’s services, including paid staff (e.g., permanent, part-time, temporary, and contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary).

## Stakeholders

The term “stakeholders” refers to all groups that are or might be affected by an organization’s actions and success. Examples of key stakeholders include patients and other customers (e.g., patients’ families, insurers/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students), staff, partners, investors, and local/professional communities.

## Strategic Objectives

The term “strategic objectives” refers to an organization’s articulated aims or responses to address major change/improvement, competitiveness issues, and/or health care advantages. Strategic objectives generally are focused externally and relate to significant patient/customer, market, service, or technological opportunities and challenges. Broadly stated, they are what an organization must achieve to remain or become competitive. Strategic objectives set an organization’s longer-term directions and guide resource allocations and redistributions.

See the definition of “action plans” on page 31 for the relationship between strategic objectives and action plans and for an example of each.

## Systematic

“Systematic” refers to approaches that are repeatable and use data and information so that improvement and learning

are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning and thereby permit a gain in maturity. For use of the term, see the Scoring Guidelines on page 50.

## Value

“Value” refers to the perceived worth of a product, service, process, asset, or function relative to cost and relative to possible alternatives.

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Organizations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as patients, third-party payors, investors, staff, and the community.

## 2001 HEALTH CARE CRITERIA: CATEGORY AND ITEM DESCRIPTIONS

### Leadership (Category I)

Leadership addresses how your senior leaders guide your organization in setting organizational values, directions, and performance expectations. Attention is given to how your senior leaders communicate with staff, review organizational performance, and create an environment that encourages high performance. The Category also includes your organization's responsibilities to the public, how your organization practices good citizenship, and how your organization contributes to the health of your community.

#### 1.1 Organizational Leadership

##### Purpose

This Item examines the key aspects of your organization's leadership and the actions of your senior leaders to create and sustain a high-performance organization.

##### Requirements

You are asked how your senior leaders set and deploy values, short- and longer-term directions, and performance expectations and balance the expectations of patients, other customers, and stakeholders. This includes how leaders create an environment for empowerment, innovation, organizational agility, and learning.

You also are asked how your senior leaders review organizational performance, what key performance measures they regularly review, and how review findings are used to drive improvement and innovation, including improvement in your leaders' effectiveness.

##### Comments

- Leadership's central roles in setting values and directions, creating and balancing value for all stakeholders, and driving performance are the focus of this Item. Success requires a strong orientation to the future and a commitment to both improvement and innovation. Increasingly, this requires creating an environment for empowerment and agility, as well as the means for rapid and effective application of knowledge.
- An important aspect of leadership is the relationship and collaboration between administrative and health care provider leadership in organizations with separate administrative and health care leadership.
- The organizational review called for in this Item is intended to cover all areas of performance. This includes not only how well you are currently performing but also how well you are moving toward the future. It is anticipated that the review findings will provide a reliable means to guide both improvement and opportunities for innovation that are tied to your organization's key objectives, success factors, and measures. Therefore, an important component of your senior leaders' organizational

review is the translation of the review findings into an action agenda sufficiently specific for deployment throughout your organization and to your suppliers/partners and patients and other key customers.

#### 1.2 Public Responsibility and Citizenship

##### Purpose

This Item examines how your organization fulfills its public responsibilities and encourages, supports, and practices good citizenship and how your organization contributes to the health of your community.

##### Requirements

You are asked how your organization addresses its current and future impacts on society in a proactive manner and how you accomplish ethical practices in all stakeholder interactions. The impacts and practices are expected to cover all relevant and important areas—patient rights, health care services, and operations.

You also are asked how your organization, your senior leaders, and your staff identify, support, and strengthen your key communities as part of good citizenship practices, including actions to build community health.

##### Comments

- An integral part of health care delivery, performance management, and improvement is proactively addressing legal, regulatory, and accreditation requirements and risk factors. Addressing these areas requires establishing appropriate measures/indicators that senior leaders track in their overall performance review. Your organization should be sensitive to issues of public concern related to your health care services and operations, whether or not these issues are currently embodied in law or regulation.
- Citizenship implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities include encouraging and supporting your staff's community service.

Examples of organizational community involvement include partnering with other health care providers, business, and professional associations to engage in generally beneficial cooperative activities, such as providing education and volunteer services and sharing best practices to improve overall U.S. health status and health care. Levels of involvement and leadership are dependent upon your organization's size and available resources.

This Item addresses actions to build and improve community health, including the consideration of partnering with other local organizations (public and business) and health care providers. The community health services offered by your organization will be dependent upon your mission, including service requirements for tax-exempt organizations.



## Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning and deployment of plans. The Category stresses that patient-focused quality, health care, and operational performance are key strategic issues that need to be integral parts of your organization's overall planning.

Specifically,

- patient-focused quality and health care performance provide a strategic view of quality. The focus is on the drivers of patient satisfaction, patient loyalty, patient health status, and health care service improvement.
- operational performance improvement contributes to short-term and longer-term productivity growth and cost containment. Building operational capability—including speed, responsiveness, and flexibility—represents an investment in strengthening your organizational fitness.

The Criteria emphasize that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes with your organization's strategic directions, thereby ensuring that improvement and learning reinforce organizational priorities, especially health care priorities.

The Strategic Planning Category examines how your organization

- understands the key patient/customer, market, health care performance, and operational requirements as input to setting strategic directions. This helps to ensure that ongoing process improvements and change are aligned with your organization's strategic directions.
- optimizes the use of resources, ensures the availability of trained staff, and bridges short-term and longer-term requirements that may entail capital expenditures, technology development or acquisition, and supplier and health care provider alliances.

- ensures that deployment will be effective—that there are mechanisms to transmit requirements and achieve alignment on three levels: (1) the organization/leadership level, (2) the key process level, and (3) the department/work unit/individual job level.

The requirements in the Strategic Planning Category encourage strategic thinking and acting—to develop a basis for an appropriate competitive and collaborative position in the marketplace. *These requirements do not imply formalized plans, planning systems, departments, or specific planning cycles.* They also do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change, compete for limited resources. In most cases, setting priorities depends heavily on health care market demands and a cost rationale. However, you also might have critical requirements, such as incorporating new health care technology or community health and public responsibilities, that are not driven by cost considerations alone.

### 2.1 Strategy Development

#### Purpose

This Item examines how your organization sets strategic directions and develops your strategic objectives, guiding and strengthening your overall performance as a health care provider and your performance relative to other organizations providing similar health care services.

#### Requirements

You are asked to outline your organization's strategic planning process, including identifying key participants, key steps, and your planning time horizons. You are asked how you consider key factors that affect your organization's future. These factors cover external and internal influences on your organization. You are asked to address each factor and outline how relevant data and information are gathered and analyzed.

You also are asked to summarize your key strategic objectives and your timetable for accomplishing them. Finally, you are asked how these objectives address the challenges outlined in your Organizational Profile.

#### Comments

- This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect your organization's future opportunities and directions—taking as long-term a view as possible. This approach is intended to provide a thorough and realistic context for the development of a patient-/customer- and health care market-focused strategy to guide ongoing decision making, resource allocation, and overall management.

- This Item is intended to cover all types of health care organizations, competitive/collaborative situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action but do not imply formalized planning, planning departments, planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create an entirely new health care service or business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.
- This Item emphasizes health care industry leadership, which usually depends on health care service delivery and operational effectiveness. This leadership requires a view of the future that includes not only the health care markets or segments in which your organization provides services but also how it competes and/or collaborates in these markets. *How it competes and/or collaborates* presents many options and requires that you understand your organization's and your competitors'/collaborators' strengths and weaknesses. Although no specific time horizons are included, the thrust of this Item is sustained performance leadership.
- An increasingly important part of strategic planning is projecting the future competitive environment. Such projections help to detect and reduce threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of organization, maturity of health care markets, pace of change, and competitive/collaborative parameters (such as cost or innovation rate), organizations might use a variety of modeling, scenarios, or other techniques and judgments to anticipate the future environment.

## 2.2 Strategy Deployment

### Purpose

This Item examines how your organization converts your strategic objectives into action plans to accomplish the objectives and how your organization assesses progress relative to these action plans. The aim is to ensure that your strategies are deployed for goal achievement.

### Requirements

You are asked how you develop and deploy action plans that address your organization's key strategic objectives, including the allocation of needed resources. You are asked to summarize your key short- and longer-term action plans. Particular attention is given to changes in health care services, customers/health care markets, and how you operate. You also are asked about your key human resource plans that will enable accomplishment of your strategic objectives and action plans.

You are asked to give your key measures/indicators used in tracking progress relative to the action plans and how you

use these measures to achieve organizational alignment and coverage of all key departments/work units and stakeholders. Finally, you are asked to provide a projection of key performance measures/indicators. As part of this projection, you are asked how your projected performance compares with other organizations providing similar health care services, competitors, key benchmarks, goals, and past performance.

### Comments

- This Item asks how your action plans are developed and deployed. Accomplishment of action plans requires resources and performance measures, as well as the alignment of department/work unit and supplier/partner plans. Of central importance is how you achieve alignment and consistency—for example, via key processes and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities—part of the daily work of all departments/work units. In addition, performance measures are critical for tracking performance. Action plans include human resource plans that support your overall strategy.
- Key changes in your services or patients/customers/health care markets might include Web-based or electronic communication/information transfer initiatives, integrated within or separate from your current health care and other services.
- Examples of possible human resource plan elements are
  - a redesign of your work organization and/or jobs to increase staff empowerment and decision making
  - initiatives to promote better collaboration and cooperation between health care providers and administrative staff
  - initiatives to promote greater labor-management cooperation, such as union partnerships
  - initiatives to foster knowledge sharing and organizational learning
  - modification of your compensation and recognition systems to recognize team, organizational, patient and other customer satisfaction, or other performance attributes
  - education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of future staff, and establishment of technology-based training capabilities
- Projections and comparisons in this Item are intended to encourage your organization to improve its ability to understand and track dynamic, competitive performance

factors. Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to competitors and other organizations providing similar health care services and relative to your own targets or stretch goals. Such tracking serves as a key diagnostic management tool.

- In addition to improvement relative to past performance and to other organizations, projected performance also might include changes resulting from new business ventures, entry into new health care markets, electronic communication and information transfer initiatives, innovations, or other strategic thrusts.

### Focus on Patients, Other Customers, and Markets (Category 3)

Focus on Patients, Other Customers, and Markets addresses how your organization seeks to understand the voices of patients, of other customers, and of the marketplace. The Category stresses relationships as an important part of an overall listening, learning, and performance excellence strategy. Your patient and other customer satisfaction and dissatisfaction results provide vital information for understanding

your customers and the health care marketplace. In many cases, such results and trends provide the most meaningful information, not only on your patients' and other customers' views but also on their marketplace behaviors—patient/customer loyalty and positive referrals.

Throughout the Criteria, patients frequently are identified separately from other customer groups. This is done to stress the importance of this customer group to health care organizations. However, Item requirements also address other customers (or refer to customers generically) to ensure inclusion of all customer groups in the organization's customer focus and performance management system. Other customers could include patients' families, the community, insurers/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. A key challenge to health care organizations frequently may include balancing the differing expectations of patients and other customer groups.

#### 3.1 Patient/Customer and Health Care Market Knowledge

##### Purpose

This Item examines your organization's key processes for gaining knowledge about your current and future patients, other customers, and markets, with the aim of offering relevant health care services, understanding longer-term or emerging patient/customer requirements and expectations, and keeping pace with marketplace changes and changing ways of doing business.

##### Requirements

You are asked how you determine or target key patient and other customer groups and how you segment your health care markets. You are asked how you consider potential customers, including your competitors' customers. You are asked how you determine key requirements for and drivers of health care purchase decisions and how you determine key health care service features. You also are asked how these determinations include relevant information from current and former patients/customers.

Finally, you are asked how you keep your customer listening and learning methods current with your changing health care service needs and directions.

##### Comments

- In a rapidly changing health care environment, many factors may affect patient/customer preference and loyalty and your interface with patients/customers in the marketplace. This makes it necessary to listen and learn on a continuous basis. To be effective, listening and learning need to be closely linked with your organization's overall strategy.
- Knowledge of patient/customer groups and health care market segments allows your organization to tailor listening and learning strategies and marketplace offerings, to



support and tailor your marketing strategies, and to develop new health care service opportunities.

- A relationship strategy may be possible with some customers but not with others. Differing relationships may require distinctly different listening and learning strategies. The use of electronic communication and the Internet (e.g., Web-based scheduling, support group, and health care information) is rapidly changing many marketplaces and may affect your listening and learning strategies, as well as your definition of patient/customer groups and health care market segments.
- Selection of listening and learning strategies depends on your organization's key business factors. Increasingly, organizations interact with customers via multiple modes. Some frequently used modes include focus groups with key customers; close integration with patients and other key customers; interviews with lost customers about their health care purchase decisions; use of the patient/customer complaint process to understand key service attributes; won/lost analysis relative to competitors; and survey/feedback information, including information collected on the Internet.

### ***3.2 Patient/Customer Relationships and Satisfaction***

#### **Purpose**

This Item examines your organization's processes for building patient/customer relationships and determining patient/customer satisfaction, with the aim of acquiring new patients/customers, retaining existing customers, and developing new health care market opportunities.

#### **Requirements**

You are asked how you build relationships to acquire and satisfy patients/customers and to develop loyalty and positive referrals.

You are asked how you determine patient and other key customer contact requirements and how these vary for different modes of access. As part of this response, you are asked to describe key access mechanisms for patients and other customers to seek information, conduct business, and make complaints. You are asked how patient and other customer contact requirements are deployed along the entire response chain.

You are asked to describe your complaint management process. This description should include how you ensure prompt and effective problem resolution. The description also should cover how all complaints are aggregated and analyzed for use in improvement throughout your organization and by your partners, as appropriate.

You are asked how you keep your approaches to relationship building and patient/customer access current with changing health care service needs and directions.

You are asked how you determine patient/customer satisfaction and dissatisfaction, including how you capture actionable information that reflects patients'/customers' future interactions with your organization, patient/customer loyalty, and/or positive referral.

You are asked how you follow up with patients and other customers regarding recent health care services and transactions to receive prompt and actionable feedback.

You are asked how you obtain and use information on patient/customer satisfaction relative to satisfaction with competitors, other organizations providing similar health care services, and/or benchmarks so you can gauge your performance in the health care marketplace.

Finally, you are asked how you keep your methods for determining patient/customer satisfaction current with your changing health care service needs and directions. The determination of patient satisfaction with health care outcomes relative to patient expectations provides insights about future patients and successfully setting their expectations.

#### **Comments**

- This Item emphasizes how you obtain actionable information. To be actionable, you should be able to tie the information to key health care service and organizational processes, and you should be able to determine cost implications for setting improvement and change priorities.
- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to setting priorities for process and service improvements. Successful outcomes require effective deployment of information throughout the organization.
- In determining patients'/customers' satisfaction, a key aspect is their comparative satisfaction with competitors and/or other organizations providing similar health care services. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to patient/customer preference are of critical importance in understanding factors that drive health care decision making and potentially affect longer-term success in the health care marketplace.
- Changing health care service needs and directions might include new modes of patient/customer access, such as the Internet. In such cases, key contact requirements might include privacy and access to personal assistance.

### **Information and Analysis (Category 4)**

The Information and Analysis Category is the main point within the Criteria for all key information about effectively measuring and analyzing performance to drive improvement, with specific attention to performance as a health care provider. In the simplest terms, Category 4 is the

“brain center” for the alignment of your organization’s health care and administrative operations with its strategic objectives. Central to such use of data and information are the quality and availability of data and information. Furthermore, since information and analysis might themselves be primary sources of cost savings, efficiency, productivity growth, and competitive advantage, the Category also includes such strategic considerations.

#### ***4.1 Measurement and Analysis of Organizational Performance***

##### **Purpose**

This Item examines your organization’s selection, management, and use of data and information for performance measurement and analysis in support of organizational planning and performance improvement as a health care provider. This performance improvement includes efforts to improve health care results and outcomes (e.g., through the selection of statistically meaningful indicators, risk adjustment of data, and linking outcomes to processes and provider decisions). The Item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on clinical, financial, and nonfinancial data and information. The aim of measurement and analysis is to guide your organization’s process management toward the achievement of key organizational performance results and strategic objectives.

##### **Requirements**

You are asked how you gather and integrate data and information for monitoring daily operations and supporting organizational decision making and how you select and use measures for tracking those operations and overall organizational performance. You also are asked how you select and use comparative data and information to help drive performance improvement. These requirements address the major components of an effective performance measurement system.

You are asked what analyses you perform to support your senior leaders’ assessment of overall organizational performance and your strategic planning. You are asked how the results of organizational-level analysis are communicated to support decision making throughout your organization and are aligned with your organizational performance results, strategic objectives, and action plans.

Finally, you are asked how you keep your organization’s performance measurement system current with changing health care service needs and directions.

##### **Comments**

- Alignment and integration are key concepts for successful implementation of your performance measurement system. They are viewed in terms of extent and effectiveness of use to meet your performance assessment needs. Alignment and integration include how measures are aligned throughout your organization, how they are integrated to yield organization-wide data/information, and how performance measurement requirements are deployed by your senior leaders to track departmental, work group, and process-level performance on key measures targeted for organization-wide significance and/or improvement.
- The use of comparative data and information is important to all organizations. The major premises for use are (1) your health care organization is in a rapidly changing environment and may be facing tough competition; (2) your organization needs to know where it stands relative to competitors, to other providers, and to best practices; (3) comparative and benchmarking information often provides the impetus for significant (“breakthrough”) improvement or change; and (4) comparing performance information frequently leads to a better understanding of your processes and their performance. Benchmarking information also may support analysis and decisions relating to core competencies, alliances, and outsourcing.
- Your effective selection and use of comparative data and information require (1) determination of needs and priorities; (2) criteria for seeking appropriate sources for comparisons—from within and outside the health care industry and your organization’s markets; and (3) use of data and information to set stretch goals and to promote major, nonincremental (“breakthrough”) improvements in areas most critical to your organization’s current and future performance as a health care provider.



- Sources of comparative data and information might include (1) information obtained from other organizations through sharing or contributing to external reference databases; (2) information obtained from the open literature (e.g., outcomes of research studies and practice guidelines); and (3) data gathering and evaluation by independent organizations (e.g., Health Care Finance Administration, accrediting organizations, and commercial organizations).
- Individual facts and data do not usually provide an effective basis for setting organizational priorities. This Item emphasizes that close alignment is needed between your analysis and your organizational performance review and between your analysis and your organizational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information.
- Action depends on understanding cause-effect connections among processes and between processes and organizational performance results. Process actions and their results may have many resource implications. Organizations have a critical need to provide an effective analytical basis for decisions because resources for improvement are limited and cause-effect connections are often unclear.
- Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organization, size, competitive environment, and other factors. Examples of possible analyses include
  - how health care service quality improvement correlates with key patient/customer indicators such as satisfaction, loyalty, and market share
  - cost/revenue implications of patient-/customer-related problems and effective problem resolution
  - interpretation of market share changes in terms of patient and other customer gains and losses and changes in patient/customer satisfaction
  - improvement trends in key operational performance indicators such as productivity, cycle time (e.g., length of stay, turnaround times, wait times, and billing delays), waste reduction, utilization rates, error rates, and cost per case
  - relationships between staff/organizational learning and productivity gains or improvements in health care outcomes
  - financial benefits derived from improvements in staff safety, absenteeism, and turnover
  - benefits and costs associated with education and training, including Internet-based, or e-learning, opportunities
  - benefits and costs associated with improved organizational knowledge management and sharing
  - how the ability to identify and meet staff requirements correlates with staff retention, motivation, and productivity
  - cost/revenue implications of staff-related problems and effective problem resolution
  - productivity and cost trends relative to competitors' (e.g., cost/case for key DRGs)
  - compliance with preventive screenings compared to similar health care providers
  - relationships among patient health care quality, operational performance indicators, and overall financial performance trends, as reflected in indicators such as operating costs, revenues, asset utilization, productivity, and health care outcomes
  - allocation of resources among alternative improvement projects based on cost/benefit implications or community impact
  - net earnings derived from quality/operational/human resource performance improvements
  - comparisons among cost centers showing how quality and operational performance improvement affect financial performance (e.g., impacts of HMO preventive care versus diagnostic expenses and treatment of potentially preventable illnesses)
  - contributions of improvement activities to cash flow, working capital use, and shareholder/community value
  - financial impacts of customer retention (e.g., decisions on PHO level of service and retention of third-party payors)
  - cost/revenue implications of new health care market entry
  - cost/revenue, patient/customer, and productivity implications of engaging in and/or expanding electronic communication/information transfer and use of the Internet and intranets
  - health care market share versus profits/financial returns
  - trends in economic, market, and shareholder indicators of value
- The availability of electronic data and information of many kinds (e.g., financial, operational, patient-/customer-related, accreditation/regulatory) and from many sources (e.g., internal, third party, and public sources; the Internet; Internet tracking software) permits extensive analysis and correlations. Effectively utilizing and prioritizing this

wealth of information are significant organizational challenges.

## 4.2 Information Management

### Purpose

This Item examines how your organization ensures the availability of high-quality, timely data and information for all your key users—staff, suppliers/partners, and patients/customers.

### Requirements

You are asked how you make data and information available and accessible to your user communities. You are asked how you ensure that the data and information have all the characteristics your users expect: reliability, accuracy, timeliness, and appropriate levels of security and confidentiality.

You also are asked how you ensure that your hardware systems and software are reliable and user friendly so that access is facilitated and encouraged.

Finally, you are asked how you keep your data availability mechanisms, software, and hardware current with changing health care service needs and directions.

### Comments

- Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The expanding use of electronic information within organizations' operations, as part of organizational knowledge networks, from the Internet, and in electronic communication/information transfer, challenges organizational abilities to ensure reliability and availability in a user-friendly format.
- Data and information are especially important in alliances and supply chains. Your responses to this Item should take into account this use of data and information and should recognize the need for rapid data validation and reliability assurance, given the increasing use of electronic data transfer.

## Staff Focus (Category 5)

Staff Focus addresses key human resource practices—those directed toward creating and maintaining a high-performance workplace and toward developing staff to enable them and your organization to adapt to change. The Category covers staff development and management requirements in an integrated way, i.e., aligned with your organization's strategic objectives. Your staff focus includes your work environment and your staff support climate. A particular challenge in some health care organizations is the breadth of staff relationships—the variety of people contributing to the delivery of the organization's services. This might include paid staff, independent practitioners, volunteers, and students. All appropriate contributions must be considered in the Staff Focus Category.

To reinforce the basic alignment of human resource management with overall strategy, the Criteria also cover human resource planning as part of overall planning in the Strategic Planning Category.

## 5.1 Work Systems

### Purpose

This Item examines your organization's systems for work and jobs, compensation, staff performance management, motivation, recognition, communication, and hiring, with the aim of enabling and encouraging all staff to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to result in individual and organizational learning, and to enable adaptation to change.

### Requirements

You are asked how you organize and manage work and jobs to promote cooperation, initiative/innovation, and flexibility. You are asked how you achieve effective communication and knowledge/skill sharing. You are asked how your managers and supervisors motivate staff to develop and utilize their full potential, including the mechanisms you use to attain job- and career-related learning objectives.

You are asked how your staff performance management system, including feedback to staff, supports high performance and a patient/customer and health care service focus. This should include how compensation, recognition, and related practices reinforce these objectives.

You are asked how you accomplish effective succession planning for senior administrative and health care leadership.

Finally, you are asked how you identify the capabilities needed by potential staff and how you recruit, hire, privilege, and retain new staff. Your considerations should include the ability of your work system to benefit from the diverse ideas and cultures of your communities.

### Comments

- High-performance work is characterized by flexibility, innovation, knowledge and skill sharing, alignment with organizational objectives, patient/customer focus, and rapid response to changing health care service needs and requirements of the health care marketplace. The focus of this Item is on a workforce capable of achieving high performance. In addition to enabled staff and proper work system design, high-performance work requires ongoing education and training, as well as information systems that ensure proper information flow. To help staff realize their full potential, many organizations use individual development plans prepared with each staff member and addressing his/her career and learning objectives.
- Work and job factors for your consideration include simplification of job classifications, cross-training, job

rotation, use of teams (including self-directed teams), and changes in work layout and location to facilitate patient-focused processes. Also important is effective communication across functions and work units to ensure a focus on patient/customer requirements and to ensure an environment with trust, knowledge sharing, and mutual respect. Job design should address the organization's credentialing and privileging of its health care practitioners, as appropriate.

- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills, to peer evaluations, and/or to collaboration among departments and health care practitioners. Compensation and recognition approaches also might include bonuses/profit sharing, rewarding exemplary team or unit performance, and linkage to patient/customer satisfaction and loyalty measures or other performance objectives.
- The requirements of high-performance work, coupled with the challenges of tight labor markets, necessitate more attention to succession planning and hiring profiles. This should include and capitalize on diversity factors.

## ***5.2 Staff Education, Training, and Development***

### **Purpose**

This Item examines your organization's staff education, training, and on-the-job reinforcement of knowledge and skills, with the aim of meeting ongoing needs of staff, licensure and recredentialing requirements, and a high-performance workplace.

### **Requirements**

You are asked how education and training tie to your action plans, including how education and training balance short- and longer-term individual and organizational objectives, including licensure and recredentialing requirements. You are asked how you seek and use input on education and training needs and delivery from those benefitting most directly—staff and their supervisors/managers.

You are asked how you address key organizational needs associated with technological change, management/leadership development, orientation of new staff, safety, performance improvement, and diversity.

You are asked how you deliver and evaluate education and training, taking into account individual and organizational performance. Finally, you are asked how you reinforce knowledge and skills on the job.

### **Comments**

- Depending on the nature of your organization's health care services, staff responsibilities, and the stage of organizational and personal development, education and training needs might vary greatly. These needs might

include continuing clinical education, gaining skills for knowledge sharing, communications, teamwork, problem solving, interpreting and using data, meeting patient/customer requirements, process analysis and simplification, waste and cycle time reduction, use of new technology, and setting priorities based on strategic alignment or cost/benefit analysis. Education needs also might include basic skills, such as reading, writing, language, arithmetic, and increasingly, basic computer skills.

- Education and training delivery might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, or distance learning, as well as other types of delivery. Training also might occur through developmental assignments within or outside your organization.
- When you evaluate education and training, you should seek effectiveness measures as a critical part of the evaluation. Such measures might address the impact on individual, department, unit, and organizational performance; impact on customer-related performance; impact on health care outcomes; and a cost/benefit analysis of the training.
- Although this Item does not specifically ask you about training for patient/customer contact staff, such training is important and common. It frequently includes acquiring critical knowledge and skills on health care services and patients/customers; skills on how to listen to patients/customers; recovery from problems; and learning how to effectively manage patient/customer expectations.

## ***5.3 Staff Well-Being and Satisfaction***

### **Purpose**

This Item examines your organization's work environment, your staff support climate, and how you determine staff satisfaction, with the aim of fostering the well-being, satisfaction, and motivation of all staff while recognizing their diverse needs.

### **Requirements**

You are asked how you ensure a safe and healthful work environment for all staff, taking into account their differing work environments and associated requirements. Special emphasis is placed on how staff contribute to identifying important factors and to improving workplace safety. You also are asked to identify appropriate measures and targets for key environmental factors so that status and progress can be tracked.

You are asked how you determine the key factors that affect staff well-being, satisfaction, and motivation. Included is how these factors are segmented for a diverse workforce and different categories/types of staff. In addition, you are asked how your services, benefits, and policies support staff well-being, satisfaction, and motivation based upon a holistic

view of this key stakeholder group. Special emphasis is placed on the variety of approaches you use to satisfy a diverse workforce with differing needs and expectations.

You are asked to describe formal and/or informal assessment methods and measures you use to determine staff well-being, satisfaction, and motivation. This description should include how you tailor these methods and measures to a diverse workforce and how you use other indicators (e.g., staff turnover) to support your assessment. Finally, you are asked how you relate assessment findings to key organizational performance results to identify key priorities.

### Comments

- Most organizations, regardless of size, have many opportunities to contribute to staff well-being, satisfaction, and motivation. Some examples of services, facilities, activities, and other opportunities are personal and career counseling; career development services; recreational or cultural activities; formal and informal recognition; non-work-related education; day care; special leave for family responsibilities and/or community service; flexible work hours and benefits packages; outplacement services; and retiree benefits, including extended health care and access to staff services.
- Although satisfaction with pay and satisfaction with promotion are important to paid staff, these two factors are generally not sufficient to ensure overall staff satisfaction, motivation, and high performance. Some examples of other factors to consider are effective staff problem and grievance resolution; staff development and career opportunities; work environment and management support; workload; communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse staff groups; and organizational support for serving patients/customers.
- In addition to direct measures of staff satisfaction and well-being through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, strikes, Occupational Safety and Health Administration (OSHA) reportables, and worker's compensation claims. For health care staff, indicators might include patient referrals to other organizations/institutions and willingness to serve on committees.

## Process Management (Category 6)

Process Management is the focal point within the Criteria for all key work processes—health care processes and those processes that support the delivery of health care. As appropriate to an organization's mission, key processes might include the conduct of health care research and/or the teaching of medical/nursing students or allied health care professionals. Built into the Category are the central requirements for efficient and effective process management: effective design implementation; linkage to suppliers and partners;

operational performance; cycle time; and evaluation, continuous improvement, and organizational learning.

Agility, cost efficiencies, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, "agility" refers to your ability to adapt quickly, flexibly, and effectively to changing requirements. Agility might mean timely change-over to a new technology or treatment protocol, rapid response to changing payor requirements, or the ability to produce a wide range of patient-focused services. Agility also increasingly involves shared facilities, decisions to out-source, agreements with key suppliers, and novel partnering arrangements. Flexibility might demand special strategies such as sharing facilities, cross-training, and providing specialized training. Cost efficiencies and cycle time reduction often involve agile process management strategies. It is crucial to utilize key measures for tracking all aspects of your overall process management.

### 6.1 Health Care Service Processes

#### Purpose

This Item examines your organization's key health care service design and delivery processes, with the aim of improving your marketplace and operational performance.

#### Requirements

You are asked to identify your key design processes for health care services and their related delivery processes. You are asked how you decide to launch new or modified services, including financial considerations. You are asked how you address key requirements, such as patient/customer and health care market requirements and new technology, including e-technology. You also are asked how you address key factors in design effectiveness, including cost control, cycle time, and learning from past design projects. Finally, you are asked how you ensure that design processes cover all key operational and regulatory performance requirements and appropriate coordination and testing to ensure effective health care service launch without need for rework.

You are asked to identify your key health care service delivery processes. You are asked how patients' expectations, patient decision making, and patient preferences are considered. You are asked to identify the key performance requirements, including regulatory and payor requirements, and key performance measures/assessments for your key health care service delivery processes. These requirements and measures are the basis for maintaining and improving your services and delivery processes. You also are asked how you perform inspections and process and/or performance tests and audits to minimize errors/rework costs and about your prevention-based processes for minimizing the need for inspections and audits. Finally, you are asked how you improve your health care service delivery systems and processes to achieve better processes, health care services, and health care outcomes.

## Comments

- Design processes might address (1) modifications and variants of existing health care services that might result from the shift of a service from an inpatient to an outpatient setting, the introduction of new technology for an existing service, or the institution of critical pathways; (2) new health care services resulting from research; (3) new/modified facilities to meet performance requirements; and (4) significant redesigns of processes to improve patient focus, productivity, or both. You should consider the key requirements for your health care services. Factors that might need to be considered in design include safety and risk management; timeliness, access, coordination, and continuity of care; patient involvement in care decisions; measurement capability; process capability; variability in customer expectations requiring health care service options; availability/scarcity of staff with critical skills; availability of referral sources; technology; facility capacity/utilization; supplier capability; regulatory requirements; and documentation. Effective design also must consider cycle time and productivity of health care service delivery processes. This might involve detailing critical pathways and redesigning (“re-engineering”) those delivery processes to achieve efficiency, as well as to meet changing requirements.
- This Item calls for information on the incorporation of new technology, including e-technology. E-technology might include sharing information with suppliers/partners, communicating with patients/customers and giving them continuous (24/7) access, and automated information transfer.
- Coordination of design and delivery processes involves all departments/work units and/or individuals who will take part in delivery and whose performance materially affects overall process outcome. This might include researchers, health care providers, facilities engineering, and administration.
- This Item calls for information on the management and improvement of your key health care service delivery processes. The information required includes a description of the key processes, their specific requirements, and how performance relative to these requirements is determined, managed, and maintained. Increasingly, these requirements might include the need for agility—speed and flexibility—to adapt to change.
- Specific reference is made to regulatory and payor requirements, key in-process measurements/assessments and patient interactions, and how results are made available in a timely manner to all appropriate staff. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimize problems and costs that may result from deviations from expected performance. Achieving expected performance frequently

requires setting performance levels or standards to guide decision making. When deviations occur, corrective action is required. Depending on the nature of the process, the corrective action could involve technical and/or human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or elsewhere in your organization. When patients are involved, patient-to-patient variation must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on patient differences and needs.

- Critical to health care service delivery are the consideration of patient expectations, the setting of realistic patient expectations relative to likely health care outcomes, and the opportunity for patients to participate on an informed basis in decision making relative to their own health care.
- This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your patients’/customers’ perspective and better health outcomes, but also better financial and operational performance from your organization’s perspective. Critical to organizational improvement is a process for sharing improvements/learnings with other departments/work units. A variety of process improvement approaches are commonly used. These approaches include (1) research and development results, (2) benchmarking, (3) using alternative technology, and (4) using information from patients—within and outside your organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities.

## 6.2 Business Processes

### Purpose

This Item examines your organization’s key business processes, with the aim of improving business success.

### Requirements

You are asked to identify your key business processes and their design requirements. You are asked how your organization’s key business processes are designed and performed to meet all your requirements and how you incorporate input from customers and suppliers/partners, as appropriate.

You are asked to identify your key performance measures for the control and improvement of your business processes, including how in-process measures and customer and supplier feedback are used.

You also are asked how you minimize costs associated with inspections, tests, and audits through use of prevention-based processes. Finally, you are asked how you improve your business processes to achieve better performance and

to keep them current with changing business and health care service needs and directions.

### Comments

- Your key business processes are those non-health care service processes that are considered most important to business growth and success by your senior leaders. These processes frequently relate to an organization's strategic objectives and critical success factors. Key business processes might include processes for innovation, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, project management, and sales/marketing. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.
- For many organizations, supply chain management is a growing factor in achieving productivity and profitability goals and overall business success. Suppliers and partners are receiving increasing strategic attention as organizations re-evaluate their core functions. Supplier processes should focus not only on improving their performance but on specific actions that will enable them to contribute to your improved performance. Supply chain management might include processes for supplier selection, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.

## 6.3 Support Processes

### Purpose

This Item examines your organization's key support processes, with the aim of improving your overall operational performance.

### Requirements

You are asked to identify your key support processes and their design requirements. You are asked how your organization's key support processes are designed to meet all your requirements and how you incorporate input from internal customers, as appropriate. You also are asked how day-to-day operation of your key support processes ensures meeting the key requirements, including how in-process measures and internal customer feedback are used.

You are asked how you minimize costs associated with inspection, tests, and audits through use of prevention-based processes. Finally, you are asked how you improve your key support processes to achieve better performance and to keep them current with changing health care service needs and directions.

### Comments

- Your support processes are those that support your daily operations and your health care service delivery but are not usually designed in detail with the health care ser-

vices. The support process requirements usually do not depend significantly on health care service characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated to ensure efficient, and effective linkage and performance. Support processes might include housekeeping, medical records, finance and accounting, facilities management, legal services, human resource services, public relations, community relations, and other administrative services.

- This Item calls for information on how your organization evaluates and improves the performance of your key support processes. Four approaches frequently used are (1) process analysis and research, (2) benchmarking, (3) use of alternative technology, and (4) use of information from customers of the processes. Together, these approaches offer a wide range of possibilities, including complete redesign ("re-engineering") of processes.

## Organizational Performance Results (Category 7)

The Organizational Performance Results Category provides a results focus for meeting your organization's mission as a health care provider. This focus encompasses your organization's health care results, your patients'/customers' evaluation of your organization's health care services, your overall financial and health care market performance, and results of





all key processes and process improvement activities. Through this focus, the Criteria's purposes—superior health care quality and value as viewed by your patients/customers and the marketplace, superior performance as reflected in your clinical, operational, and financial indicators, and organizational and personal learning—are maintained. Category 7 thus provides “real-time” information (measures of progress) for evaluation and improvement of health care outcomes and all key processes, in alignment with your overall organizational strategy. Item 4.1 calls for analysis of clinical and operational results data and information to determine your overall organizational performance.

### *7.1 Patient- and Other Customer-Focused Results*

#### **Purpose**

This Item examines your organization's patient-/customer-focused performance results, with the aim of demonstrating how well your organization has been providing health care and satisfying your patients and other customers, resulting in loyalty and positive referral.

#### **Requirements**

You are asked to provide levels and trends in key measures/indicators of health care outcomes, health care service delivery results, and patients' functional status.

You also are asked to provide current levels, trends, and appropriate comparisons for key measures/indicators of

patients' and other customers' satisfaction and dissatisfaction, including comparison of satisfaction with your competitors and other organizations providing similar health care services. You are asked to provide data and information on patient/customer loyalty, positive referral, and patient-/customer-perceived value.

#### **Comments**

- This Item addresses those measures that best reflect your organization's success in delivering on its mission as a health care provider. The Item calls for the use of key data and information to establish your organization's performance in delivering health care. Overall, this is the most important Item in the Criteria as it focuses on demonstrating improving health care results over time and demonstrating superior results relative to other organizations that provide similar health care services. Risk-adjusted data for your patient population provide a basis for demonstrating superior performance and improving performance over time.
- This Item includes measures of service performance that serve as indicators of patients' and other customers' views and health care decisions relative to continuing interactions with your organization and/or positive referral. These measures of service performance are derived from patient-/customer-related information gathered in Items 3.1 and 3.2.
- This Item focuses on the creation and use of all relevant data to determine and help predict your organization's performance as viewed by your patients and other customers. Relevant data and information include patient/customer satisfaction and dissatisfaction; patient/customer loyalty; gains and losses of customers and patient/customer accounts; patient/customer complaints; patient-/customer-perceived value based on health care quality, outcomes, and cost; patient/customer assessment of access and ease of use (including courtesy in service interactions); and awards, ratings, and recognition from patients/customers and independent rating organizations.
- The correlation between service performance and patient/customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and patient/customer requirements; (2) identifying service differentiators in the health care marketplace; and (3) determining cause-effect relationships between your service attributes and evidence of patient/customer satisfaction and loyalty, as well as positive referrals. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of health care and other customer services.

## 7.2 Financial and Market Results

### Purpose

This Item examines your organization's financial and health care market results, with the aim of understanding your marketplace challenges and opportunities.

### Requirements

You are asked to provide levels, trends, and appropriate comparisons for key financial and market indicators. Overall, these results should provide a complete picture of your financial and marketplace success and challenges.

### Comments

- Measures reported in this Item are those usually tracked by senior leadership on an ongoing basis to assess your organization's financial performance.
- Appropriate financial measures and indicators might include revenue, profits, market position, bond ratings, and returns. Marketplace performance measures might include market share, measures of growth, new geographic markets entered, entry into e-services for patients/customers, new populations served, and the percentage of income derived from new health care services.

## 7.3 Staff and Work System Results

### Purpose

This Item examines your organization's staff and work system results, with the aim of demonstrating how well your organization has been creating and maintaining a positive, productive, learning, and caring work environment for all staff.

### Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures/indicators of staff well-being, satisfaction, dissatisfaction, and development.

You also are asked to provide data and information on the performance and effectiveness of your organization's work system.

### Comments

- Results reported might include generic or organization-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons might be appropriate.
- Organization-specific factors are those you assess for determining your staff's well-being and satisfaction. These factors might include the extent of training or cross-training or the extent and success of self-direction.
- Results measures reported for work system performance might include improvement in job classification, job rota-

tion, and work layout and improvements in working relationships among health care providers, administrators, and support staff. Results reported might include input data, such as extent of training, but the main emphasis should be on data that show effectiveness of outcomes.

## 7.4 Organizational Effectiveness Results

### Purpose

This Item examines your organization's other key operational performance results, with the aim of achieving organizational effectiveness, attaining key organizational goals, and demonstrating good organizational citizenship.

### Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures/indicators of operational and strategic performance that support the ongoing achievement of results reported in Items 7.1 through 7.3.

You also are asked to provide data and information on your organization's accreditation and other assessments, regulatory/legal compliance and citizenship.

### Comments

- This Item encourages your organization to develop and include unique and innovative measures to track health care service development and operational improvement. However, all key areas of health care service delivery and operational performance should be evaluated by measures that are relevant and important to your organization.
- Measures/indicators of operational effectiveness and efficiency might include internal responsiveness indicators such as cycle times and turnaround times; utilization rates; waste reduction such as reducing repeat diagnostic tests; cost reduction; strategic indicators such as innovation rates, time to new health care service introduction, and increased use of e-technology; supply chain indicators such as reductions in inventory, increases in quality and productivity, improvements in electronic data exchange, and reductions in supply chain management costs; and indicators of strategic goal achievement.
- Results reported should include key accreditation and regulatory review findings, staff licensure and recertification determinations, external audits, proficiency testing results, and utilization review results, as appropriate. If your organization has received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past three years, the incidents and current status should be summarized.
- Measures should include environmental and regulatory compliance and noteworthy achievements in these areas, as appropriate. Results also should include indicators of support for key communities and other public purposes, including contributions to improving community health.

## SCORING SYSTEM

The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on three evaluation dimensions: (1) Approach, (2) Deployment, and (3) Results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given on page 50.

### Approach

“Approach” refers to how you address the Item requirements—the *method(s)* used. The factors used to evaluate approaches include

- the appropriateness of the methods to the requirements
- the effectiveness of use of the methods and the degree to which the approach
  - is repeatable, integrated, and consistently applied
  - embodies evaluation/improvement/learning cycles
  - is based on reliable information and data
- alignment with your organizational needs
- evidence of beneficial innovation and change

### Deployment

“Deployment” refers to the *extent* to which your approach is applied. The factors used to evaluate deployment include

- use of the approach in addressing Item requirements relevant and important to your organization
- use of the approach by all appropriate work units

### Results

“Results” refers to *outcomes* in achieving the purposes given in Items 7.1–7.4. The factors used to evaluate results include

- your current performance
- your performance relative to appropriate comparisons and/or benchmarks
- rate and breadth of your performance improvements
- linkage of your results measures to important patient/customer, market, process, and action plan performance requirements identified in your Organizational Profile and in Approach-Deployment Items

### Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and/or data you are expected to furnish relative to the three evaluation dimensions given above.

The two types of Items and their designations are

- |                        |                            |
|------------------------|----------------------------|
| 1. Approach-Deployment | <b>Approach-Deployment</b> |
| 2. Results             | <b>Results</b>             |

Approach and Deployment are linked to emphasize that descriptions of Approach should always indicate the Deployment—consistent with the *specific requirements* of the

Item. Although Approach and Deployment dimensions are linked, feedback to Award applicants reflects strengths and/or opportunities for improvement in either or both dimensions.

Results Items call for data showing performance levels, relevant comparative data, and improvement trends for key measures/indicators of organizational performance. Results Items also call for data on breadth of performance improvements, i.e., on how widespread your improvement results are. This is directly related to the Deployment dimension; if improvement processes are widely deployed, there should be corresponding results. A score for a Results Item is thus a composite based on overall performance, taking into account the rate and breadth of improvements and their importance. (See next paragraph.)

### “Importance” as a Scoring Factor

The three evaluation dimensions described previously are critical to evaluation and feedback. However, another critical consideration in evaluation and feedback is the importance of your reported Approach, Deployment, and Results to your key business factors. The areas of greatest importance should be identified in your Organizational Profile and in Items such as 2.1, 2.2, 3.1, 6.1, 6.2, 7.1, and 7.4. Your key patient/customer requirements and key strategic objectives and action plans are particularly important.

### Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to your Item responses:

- All Areas to Address should be included in your Item response. Also, responses should reflect what is important to your organization.
- In assigning a score to an Item, first decide which scoring range (e.g., 50 percent to 60 percent) best fits the overall Item response. Overall “best fit” does not require total agreement with each of the statements for that scoring range. Assigning the actual score *within* the range requires evaluating whether the Item response is closer to the statements in the next higher or next lower scoring range.
- An Approach-Deployment Item score of 50 percent represents an approach that meets the overall objectives of the Item and that is deployed to the principal activities and work units covered in the Item. Higher scores reflect maturity (cycles of improvement), integration, and broader deployment.
- A Results Item score of 50 percent represents a clear indication of improvement trends and/or good levels of performance in the principal results areas covered in the Item. Higher scores reflect better improvement rates and/or levels of performance, better comparative performance, and broader coverage and integration with health care requirements.

## SCORING GUIDELINES

50

SCORE	APPROACH-DEPLOYMENT
0%	<ul style="list-style-type: none"> <li>No systematic approach is evident; information is anecdotal.</li> </ul>
10% to 20%	<ul style="list-style-type: none"> <li>The beginning of a systematic approach to the basic purposes of the Item is evident.</li> <li>Major gaps exist in deployment that would inhibit progress in achieving the basic purposes of the Item.</li> <li>Early stages of a transition from reacting to problems to a general improvement orientation are evident.</li> </ul>
30% to 40%	<ul style="list-style-type: none"> <li>An effective, systematic approach, responsive to the basic purposes of the Item, is evident.</li> <li>The approach is deployed, although some areas or work units are in early stages of deployment.</li> <li>The beginning of a systematic approach to evaluation and improvement of basic Item processes is evident.</li> </ul>
50% to 60%	<ul style="list-style-type: none"> <li>An effective, systematic approach, responsive to the overall purposes of the Item and your key organizational requirements, is evident.</li> <li>The approach is well deployed, although deployment may vary in some areas or work units.</li> <li>A fact-based, systematic evaluation and improvement process is in place for improving the efficiency and effectiveness of key processes.</li> <li>The approach is aligned with your basic organizational needs identified in the other Criteria Categories.</li> </ul>
70% to 80%	<ul style="list-style-type: none"> <li>An effective, systematic approach, responsive to the multiple requirements of the Item and your current and changing health care needs, is evident.</li> <li>The approach is well deployed, with no significant gaps.</li> <li>A fact-based, systematic evaluation and improvement process and organizational learning/sharing are key management tools; there is clear evidence of refinement and improved integration as a result of organizational-level analysis and sharing.</li> <li>The approach is well integrated with your organizational needs identified in the other Criteria Categories.</li> </ul>
90% to 100%	<ul style="list-style-type: none"> <li>An effective, systematic approach, fully responsive to all the requirements of the Item and all your current and changing health care needs, is evident.</li> <li>The approach is fully deployed without significant weaknesses or gaps in any areas or work units.</li> <li>A very strong, fact-based, systematic evaluation and improvement process and extensive organizational learning/sharing are key management tools; strong refinement and integration, backed by excellent organizational-level analysis and sharing, are evident.</li> <li>The approach is fully integrated with your organizational needs identified in the other Criteria Categories.</li> </ul>

SCORE	RESULTS
0%	<ul style="list-style-type: none"> <li>There are no results or poor results in areas reported.</li> </ul>
10% to 20%	<ul style="list-style-type: none"> <li>There are some improvements <i>and/or</i> early good performance levels in a few areas.</li> <li>Results are not reported for many to most areas of importance to your key organizational requirements.</li> </ul>
30% to 40%	<ul style="list-style-type: none"> <li>Improvements <i>and/or</i> good performance levels are reported in many areas of importance to your key organizational requirements.</li> <li>Early stages of developing trends and obtaining comparative information are evident.</li> <li>Results are reported for many to most areas of importance to your key organizational requirements.</li> </ul>
50% to 60%	<ul style="list-style-type: none"> <li>Improvement trends <i>and/or</i> good performance levels are reported for most areas of importance to your key organizational requirements.</li> <li>No pattern of adverse trends and no poor performance levels are evident in areas of importance to your key organizational requirements.</li> <li>Some trends <i>and/or</i> current performance levels—evaluated against relevant comparisons <i>and/or</i> benchmarks—show areas of strength <i>and/or</i> good to very good relative performance levels.</li> <li>Organizational performance results address most key customer, market, and process requirements.</li> </ul>
70% to 80%	<ul style="list-style-type: none"> <li>Current performance is good to excellent in areas of importance to your key organizational requirements.</li> <li>Most improvement trends <i>and/or</i> current performance levels are sustained.</li> <li>Many to most trends <i>and/or</i> current performance levels—evaluated against relevant comparisons <i>and/or</i> benchmarks—show areas of leadership and very good relative performance levels.</li> <li>Organizational performance results address most key customer, market, process, and action plan requirements.</li> </ul>
90% to 100%	<ul style="list-style-type: none"> <li>Current performance is excellent in most areas of importance to your key organizational requirements.</li> <li>Excellent improvement trends <i>and/or</i> sustained excellent performance levels are reported in most areas.</li> <li>Evidence of health care sector and benchmark leadership is demonstrated in many areas.</li> <li>Organizational performance results fully address key customer, market, process, and action plan requirements.</li> </ul>

For a definition of the following **key term**, see page 34: systematic.

# 2001 HEALTH CARE CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the 18 Criteria Items. Writing an application for the Baldrige Award involves responding to these requirements in 50 or fewer pages.

The guidelines are presented in three parts:

- (1) General Guidelines regarding the Criteria booklet, including how the Items are formatted
- (2) Guidelines for Responding to Approach-Deployment Items
- (3) Guidelines for Responding to Results Items

## General Guidelines

### I. Read the entire Criteria booklet.

The main sections of the booklet provide an overall orientation to the Criteria, including how responses are to be evaluated for self-assessment or by Award Examiners. You should become thoroughly familiar with the following sections:

- Health Care Criteria for Performance Excellence (pages 12–30)
- Scoring information (pages 49–50)

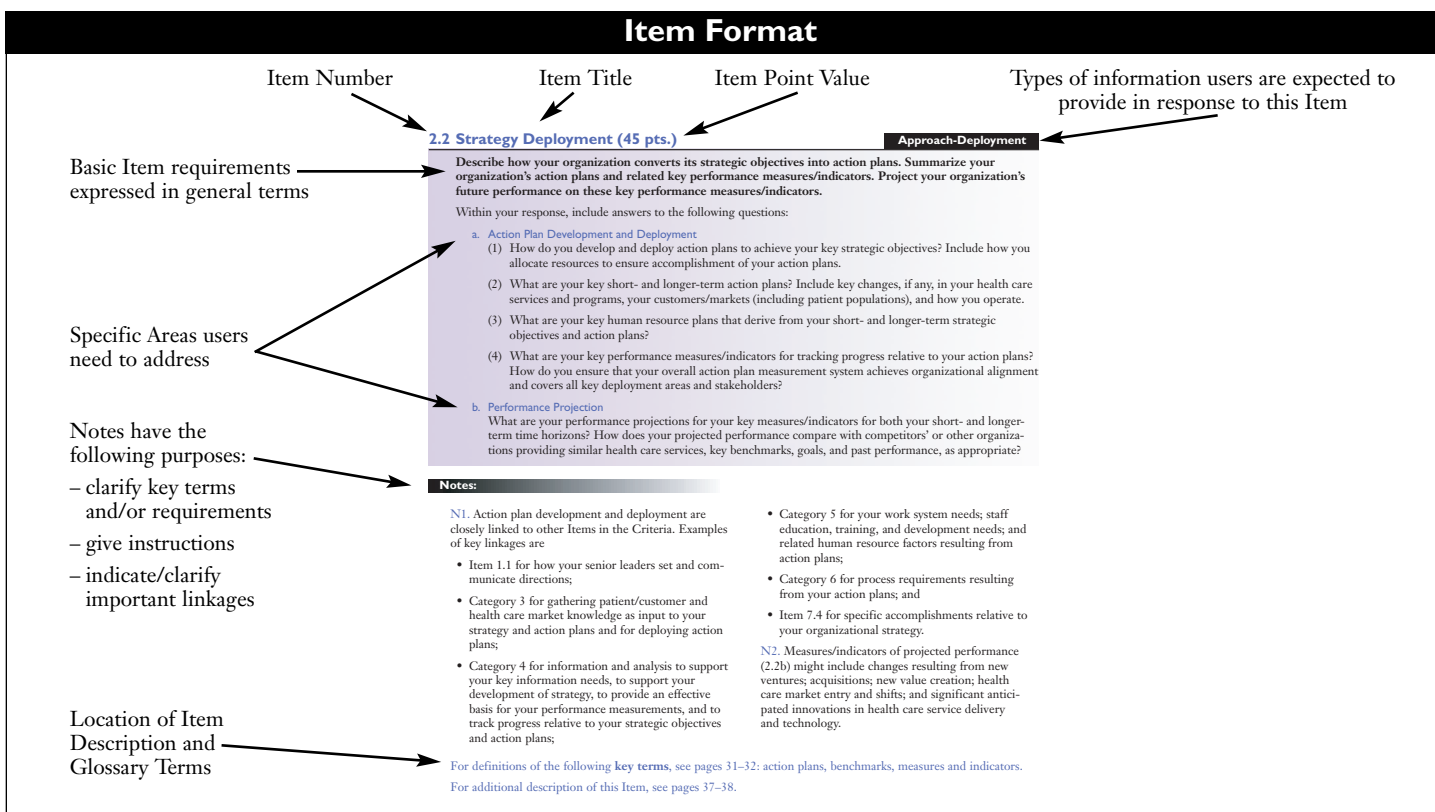
- Glossary of Key Terms (pages 31–34)
- Category and Item Descriptions (pages 35–48)

### 2. Review the Item format and understand how to respond to the Item requirements.

The Item format (see figure below) shows the different parts of Items, the role of each part, and where each part is placed. It is especially important to understand the Areas to Address and the Item Notes. Each Item and Area to Address is described in greater detail in a separate section (pages 35–48).

Each Item is classified either **Approach-Deployment** or **Results**, depending on the type of information required. Guidelines for responding to Approach-Deployment Items are given on pages 52–53. Guidelines for responding to Results Items are given on pages 53–54.

Item requirements are presented in question format. Some questions include modifying statements. Responses to an Item should contain answers to all questions and to modifying statements; however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, as appropriate to your organization.



### 3. Start by preparing the Organizational Profile.

The Organizational Profile is the most appropriate starting point for initiating a self-assessment or for writing an application. The Organizational Profile is intended to help everyone—including organizations using the Criteria for self-assessment, application writers, and reviewers—to understand what is most relevant and important to your organization's performance as a health care provider. The questions to address in responding to the Organizational Profile are given on pages 12–13.

### Guidelines for Responding to Approach-Deployment Items

Although the Criteria focus on key performance results, these results by themselves offer little *diagnostic* value. For example, if some results are poor or are improving at rates slower than your competitors', it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of Approach-Deployment Items is to permit diagnosis of your organization's most important processes—the ones that yield fast-paced organizational performance improvement and contribute to key organizational results. Diagnosis and feedback depend heavily on the content and completeness of Approach-Deployment Item responses. For this reason, it is important to respond to these Items by providing your key process information. Guidelines for organizing and reviewing such information follow.

#### 1. Understand the meaning of “how.”

Approach-Deployment Items include questions that begin with the word “how.” *Responses should outline your key process information, such as methods, measures, deployment, and evaluation/improvement/learning factors.* Responses lacking such information, or merely providing an example, are referred to in the Scoring Guidelines as “anecdotal information.”

#### 2. Understand the meaning of “what.”

Two types of questions in Approach-Deployment Items begin with the word “what.” The first type of question requests basic information on key processes and how they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis or feedback. The second type of question requests information on *what* your key findings, plans, objectives, goals, or measures are. These questions set the context for showing alignment in your performance management system. For example, when you identify key strategic objectives, your action plans, human resource development plans, some of your results measures, and results reported in Category 7 should be expected to relate to the stated strategic objectives.



### 3. Write and review response(s) with the following guidelines and comments in mind.

- Show that activities are *systematic*.  
Approaches that are systematic are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning and thereby permit a gain in maturity.
- Show deployment.  
Deployment information should summarize what is done in different parts of your organization. Deployment can be shown compactly by using tables.
- Show focus and consistency.  
There are four important factors to consider regarding focus and consistency: (1) the Organizational Profile should make clear what is important; (2) the Strategic Planning Category, including the strategic objectives and action plans, should highlight areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organizational-level analysis and review (Items 4.1 and 1.1) should show how your organization analyzes and reviews performance information to set priorities; and (4) the Process Management Category should highlight processes that are key to your overall performance. *Showing focus and consistency in the Approach-Deployment Items and tracking corresponding measures in the Results Items should improve organizational performance.*
- Respond fully to Item requirements.  
Missing information will be interpreted as a gap in approach and/or deployment. All Areas to Address should be addressed. Individual components of an Area to Address may be addressed individually or together.

#### 4. Cross-reference when appropriate.

As much as possible, each Item response should be self-contained. However, responses to different Items might be mutually reinforcing. It is then appropriate to refer to the other responses rather than to repeat information. In such cases, key process information should be given in the Item requesting this information. For example, staff education and training should be described in detail in Item 5.2. Discussions about education and training elsewhere in your application would then reference but not repeat details given in your Item 5.2 response.

#### 5. Use a compact format.

Applicants should make the best use of the 50 application pages permitted. Applicants are encouraged to use flowcharts, tables, and “bullets” to present information concisely.

#### 6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Item responses include the Criteria Item requirements and the maturity of the approaches, breadth of deployment, alignment with other elements of your performance management system, and strength of the improvement process relative to the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines.

### Guidelines for Responding to Results Items

The Health Care Criteria place the greatest emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.



#### 1. Focus on the most critical organizational performance results.

Results reported should cover the most important requirements for your organizational success, highlighted in your Organizational Profile and in the Strategic Planning and Process Management Categories.

#### 2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data:

- *trends* to show directions of results and rates of change
- *performance* levels on a meaningful measurement scale
- *comparisons* to show how results compare with those of other, appropriately selected organizations
- *breadth and importance of results* to show that all important results are included

#### 3. Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. Trends might span five years or more for some results. For important results, new data should be included even if trends and comparisons are not yet well established.

#### 4. Use a compact format—graphs and tables.

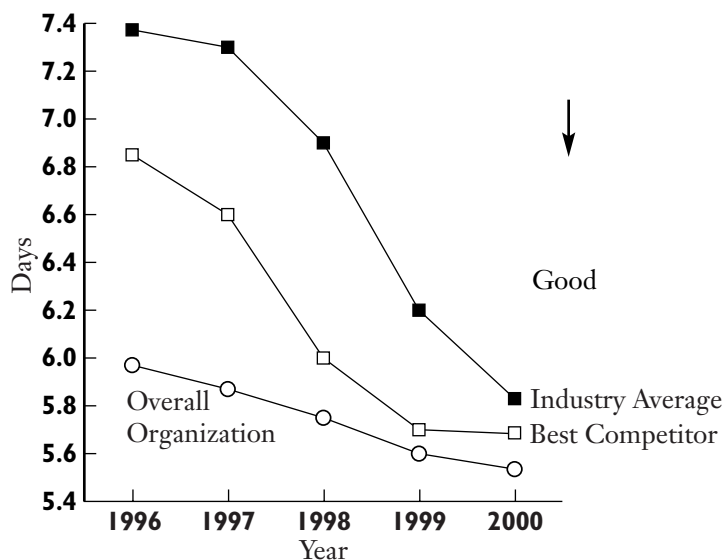
Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be “normalized,” i.e., presented in a way (such as use of ratios) that takes into account various size factors. For example, reporting safety trends in terms of needle sticks per 100 staff members would be more meaningful than total needle sticks, if the staff size has varied over the time period or if you are comparing your results to organizations differing in size.

#### 5. Integrate results into the body of the text.

Discussion of results and the results themselves should be close together in an Award application. *Trends that show a significant positive or negative change should be explained.* Use figure numbers that correspond to Items. For example, the third figure for Item 7.1 would be Figure 7.1-3. (See the example in the figure that follows.)

The following graph illustrates data an organization might present as part of a response to Item 7.1, Patient- and Other Customer-Focused Results. In the Organizational Profile, the organization has indicated decreasing the average length of stay as a key customer requirement and an indicator of health care service delivery effectiveness.

**Figure 7.1-3** Average Length of Stay by Year



Using the graph, the following characteristics of clear and effective data reporting are illustrated:

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for a key customer requirement—average length of stay.
- Results are presented for several years.
- Appropriate comparisons are clearly shown.

To help interpret the Scoring Guidelines (page 50), the following comments on the graphed results would be appropriate:

- The current overall organizational performance level is excellent. This conclusion is supported by the comparison with the best competitor and with a health care industry average.
- The organization shows excellent improvement trends.

## APPLYING FOR THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD

The Malcolm Baldrige National Quality Award is an annual Award to recognize U.S. organizations for performance excellence.

### Award Purpose

The Award promotes

- awareness of performance excellence as an increasingly important element in competitiveness
- information sharing of successful performance strategies and the benefits derived from using these strategies

### Award Participation

The Award eligibility categories include

- manufacturing businesses
- service businesses
- small businesses
- education organizations
- health care organizations

Copies of the Business Criteria and Education Criteria are available, and ordering information can be found on page 57.

Three awards may be given in each category each year.

To participate in the Award process, an organization must submit an application package that addresses the Health Care Criteria for Performance Excellence (pages 12–30).

### Application Requirements

Applicants need to submit an application package that consists of three parts:

- a validated Eligibility Certification Form
- a completed Application Form
- an application report consisting of an Organizational Profile and responses to the Criteria

Detailed information and the necessary forms are contained in the *Baldrige Award Application Forms* booklet. Ordering instructions for this booklet are given on page 57.

### Application Review

Applications are reviewed and evaluated by members of the Board of Examiners, who adhere to strict rules regarding conflict of interest, in a four-stage process:

Stage 1 - independent review and evaluation by at least five members of the board

Stage 2 - consensus review and evaluation for applications that score well in Stage 1

Stage 3 - site visits to applicants that score well in Stage 2

Stage 4 - Judges' review and recommendations of Award recipients

### Feedback to Applicants

Each Award applicant receives a feedback report at the conclusion of the review process. The feedback report is a written assessment by an evaluation team of leading U.S. experts.

The feedback report contains an applicant-specific listing of strengths and opportunities for improvement based on the Criteria. Used by companies, education organizations, and health care organizations as part of their strategic planning processes, the feedback report helps organizations focus on their customers and improve overall performance. Feedback is one of the most important parts of the Baldrige Award process; it provides a pathway for improvement.

Feedback reports are mailed at various times during the Award cycle, based on the stage of review an application reaches in the evaluation process. Strict confidentiality is observed at all times and in every aspect of application review and feedback.

### Award Recipients

Award recipients may publicize and advertise their Awards. Recipients are expected to share information about their successful performance strategies with other U.S. organizations.

**If your organization is applying in the business or education category, refer to the appropriate sector-specific Criteria booklet and the *Baldrige Award Application Forms*. Ordering information is on page 57.**

## SUMMARY OF HEALTH CARE ELIGIBILITY AND RESTRICTIONS

### Important Facts about Applying for the Award

- Criteria contained in this booklet should be used only for the health care eligibility category.
- The following is a summary of the eligibility rules for the health care category only. Summaries of the eligibility rules for the business and education categories are in their respective Criteria booklets. For-profit health care organizations may apply under the service or small business categories, as appropriate, using the Business Criteria, or under the health care category, using these Health Care Criteria. If there is a question on eligibility, check the complete eligibility rules in the *Baldrige Award Application Forms*, or call the Baldrige National Quality Program Office at (301) 975-2036.
- Whatever your Award eligibility category, you will need to obtain a copy of the *Baldrige Award Application Forms* before proceeding. Ordering instructions are given on page 57.

### Basic Eligibility

Public Law 100-107 includes provisions to expand or modify the list of Award categories. Beginning with the 1999 Award cycle, two new eligibility categories—education and health care—were added. Participation is open to for-profit and not-for-profit public, private, government organizations, and some subunits—including U.S. subunits of foreign organizations—located in the United States and its territories that are primarily engaged in furnishing medical, surgical, or other health services directly to persons.

Eligibility is intended to be as open as possible. For example, eligible organizations include hospitals, HMOs, long-term care facilities, health care practitioner offices, home health agencies, and dialysis centers. Organizations that do not provide health services directly to persons, such as social service agencies, health insurance companies, or medical/dental laboratories, are ineligible to apply for the Award under the health care category. However, such organizations—if they are for-profit organizations—may be eligible to apply for the Award under the small business or service categories.

### Eligibility of Subunits

A subunit is a unit or division of a larger (parent) organization. Subunits of organizations might be eligible. To be eligible, the subunit must be self-sufficient enough to be examined in all seven Criteria Categories, and it must be a discrete entity that is readily distinguishable from other parts of the parent organization. It cannot be primarily a support function (e.g., nursing, housekeeping, radiology,

member services, finance and accounting, billing, human resources, purchasing, legal services, and research and development).

### Other Restrictions on Eligibility

**Location:** Although an applicant may have facilities outside the United States or its territories, or it may receive support from its parent, in the event of a site visit, the applicant must ensure that the appropriate people and information are available for examination in the United States. This information is needed to document the operational practices associated with all of its major functions. In the event that the applicant receives the Award, it must be able to share information on the seven Criteria Categories at the Quest for Excellence Conference and at its U.S. facilities. Sharing beyond the Quest for Excellence Conference is on a voluntary basis.

**Multiple-Application Restrictions:** A subunit and its parent may not both apply for Awards in the same year. In some cases, more than one subunit of a *parent* may apply. If the size of the parent, including all of its subunits, is

- 0–1000 employees, 1 applicant per parent per eligibility category may apply
- 1001–20,000 employees, 2 applicants per parent per eligibility category may apply
- over 20,000 employees, 2 applicants per parent per eligibility category for the first 20,000, plus 1 per 20,000 or fraction thereof above 20,000 per eligibility category, may apply

**Future Eligibility Restrictions:** If an organization or a subunit that has more than 50 percent of the total employees of the parent receives an Award, the organization and all its subunits are ineligible to apply for another Award for a period of five years. If a subunit receives an Award, that subunit and all its subunits are ineligible to apply for another Award for a period of five years. After five years, Award recipients are eligible to reapply for the Award or to reapply “for feedback only.”

### Eligibility Validation

Potential applicants must have their eligibility validated prior to applying for the Award. Potential applicants for the 2001 Award are encouraged to submit their Eligibility Forms as early as possible after they are available but no later than April 5, 2001. This form is contained in the *Baldrige Award Application Forms*.

## HOW TO ORDER COPIES OF BALDRIGE PROGRAM MATERIALS

**Note: If you are planning to apply for the Award, you will need the *Baldrige Award Application Forms* in addition to the Criteria booklet.**

### Individual Orders

Individual copies of the Criteria booklets and the *Baldrige Award Application Forms* can be obtained free of charge from

Baldrige National Quality Program  
National Institute of Standards and Technology  
Administration Building, Room A600  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020  
Telephone: (301) 975-2036  
Fax: (301) 948-3716  
E-mail: [nqp@nist.gov](mailto:nqp@nist.gov)

### Bulk Orders

Multiple copies of the *2001 Criteria for Performance Excellence* booklets may be ordered in packets of 10 for \$29.95 plus shipping and handling from the American Society for Quality (ASQ).

2001 Business Criteria—Item Number T1105  
2001 Education Criteria—Item Number T1106  
2001 Health Care Criteria—Item Number T1107

### How to Order

ASQ offers four convenient ways to order:

- For fastest service, call toll free (800) 248-1946 in the United States and Canada (in Mexico, dial toll free 95-800-248-1946). Have item numbers, your credit card or purchase order number, and (if applicable) ASQ member number ready.
- Or fax your completed order form to ASQ at (414) 272-1734.
- Or mail your order to ASQ Customer Service Department, P.O. Box 3066, Milwaukee, WI 53201-3066.
- Or order online by accessing ASQ's Web site at <http://www.asq.org>.

### Payment

Your payment options include check, money order, U.S. purchase order, VISA, MasterCard, or American Express. Payment must be made in U.S. currency; checks and money orders must be drawn on a U.S. financial institution. All international orders must be prepaid. Please make checks payable to ASQ.

### Shipping Fees

The following shipping and processing schedule applies to all orders.

Order Amount	U.S. Charges	Canadian Charges
0–\$34.99	\$ 4.25	\$ 9.25
\$35.00–\$99.99	6.50	11.50
Over \$100.00	12.50*	17.50*

- There is an additional charge of 25 percent of the total order amount for shipments outside the United States and Canada.
- Orders shipped within the continental United States and Canada where UPS service is available will be shipped UPS.
- Please allow one to two weeks for delivery. International customers, please allow six to eight weeks for delivery.
- Your credit card will not be charged until your items are shipped. Shipping and processing are charged one time, up front, for the entire order.

*\*If actual shipping charges exceed \$12.50 (\$17.50 Canadian), ASQ will invoice the customer for the additional expense.*

### Baldrige Educational Materials

Each year, the Baldrige National Quality Program develops materials for training members of the Board of Examiners and for sharing information on the successful performance excellence strategies of the Award recipients. The following items are a sample of the educational materials that may be ordered from ASQ.

#### Case Studies

The case studies are used to prepare Examiners for the interpretation of the Criteria and the Scoring System. The case studies, when used with the Criteria, illustrate the Award application and review process. The case study packet contains the case study and six additional documents: an executive summary, the related *Criteria for Performance Excellence* booklet, the case study scorebook, the case study feedback report, the *Handbook for the Board of Examiners*, and the *Scorebook for Business, Education, and Health Care*. These documents provide information related to scoring, Criteria responses, examination processes, and site visit procedures, as well as illustrate the format for an application. A variety of case study packets are available, including the following:

**2000 Education Case Study Packet: Coyote Community College** (based on the *2000 Education Criteria for Performance Excellence*)

Item Number T1090: \$49.95 plus shipping and handling

**1999 Business Case Study Packet: Collin Technologies** (based on the *1999 Criteria for Performance Excellence*)

Item Number T1079: \$49.95 plus shipping and handling

**Education Case Study Packet: Ridgecrest School District** (based on the *1995 Education Pilot Criteria*)

Item Number T1023: \$7.28 plus shipping and handling

**Health Care Case Study Packet: Pinnacle Health Plan** (based on the *1995 Health Care Pilot Criteria*)

Item Number T1029: \$7.28 plus shipping and handling

**Award Recipients' Videos**

The Award recipients' videos are a valuable resource for gaining a better understanding of performance excellence and quality achievement. The videos provide background

information on the Baldrige National Quality Program, highlights from the annual Award ceremony, and interviews with representatives from the Award recipients' organizations. Information on the 2000 Award recipients' video is provided below. Videos about Award recipients from other years also are available from ASQ.

2000—Item Number TA997                      \$ 20.00  
(Available May 2001)

**How to Order Educational Materials**

To order a case study packet (Coyote Community College, Collin Technologies, Ridgecrest School District, Pinnacle Health Plan, or others), bulk orders of the 2001 Criteria booklet, or the Award recipients' videos, contact

ASQ Customer Service Department  
P.O. Box 3066  
Milwaukee, WI 53201-3066  
Telephone: (800) 248-1946  
Fax: (414) 272-1734  
E-mail: [asq@asq.org](mailto:asq@asq.org)  
Web address: <http://www.asq.org>



**FEES FOR THE 2001 AWARD CYCLE**

**Eligibility Certification Fees**

The eligibility certification fee is \$150 for all potential applicants. This fee is nonrefundable.

**Application Fees**

- for-profit and not-for-profit health care organizations with more than 500 employees and service companies—\$5000
- for-profit and not-for-profit health care organizations with fewer than 500 employees and small businesses—\$2000
- supplemental sections—\$2000

Detailed information on fees is given in the *Baldrige Award Application Forms*.

**Site Visit Review Fees**

Site visit review fees will be set when the visits are scheduled. Fees depend on the number of Examiners assigned and the duration of the visit. Site visit review fees for health care organizations with fewer than 500 employees are one-half the rate for health care organizations with more than 500 employees. These fees are paid only by those applicants reaching the site visit stage.

**Eligibility Forms due—April 5, 2001**  
**Award Applications due—May 31, 2001**

**The Baldrige National Quality Program welcomes your comments on the Criteria or any of the Baldrige Award processes. Please address your comments to**

2001 Health Care Criteria for Performance Excellence  
Baldrige National Quality Program  
National Institute of Standards and Technology  
Administration Building, Room A600  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020

or E-mail: [nqp@nist.gov](mailto:nqp@nist.gov)

or Web address: <http://www.quality.nist.gov>

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## THE MALCOLM BALDRIGE NATIONAL QUALITY IMPROVEMENT ACT OF 1987—PUBLIC LAW 100-107

*The Malcolm Baldrige National Quality Award was created by Public Law 100-107, signed into law on August 20, 1987. Public Law 100-107 led to the creation of a new public-private partnership. Principal support for the program comes from the Foundation for the Malcolm Baldrige National Quality Award, established in 1988.*

*The Award is named for Malcolm Baldrige, who served as Secretary of Commerce from 1981 until his death in 1987. His managerial excellence contributed to long-term improvement in efficiency and effectiveness of government.*

The Findings and Purposes Section of Public Law 100-107 states that

- “ 1. the leadership of the United States in product and process quality has been challenged strongly (and sometimes successfully) by foreign competition, and our Nation’s productivity growth has improved less than our competitors’ over the last two decades.
2. American business and industry are beginning to understand that poor quality costs companies as much as 20 percent of sales revenues nationally and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability.
3. strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, are becoming more and more essential to the well-being of our Nation’s economy and our ability to compete effectively in the global marketplace.
4. improved management understanding of the factory floor, worker involvement in quality, and greater emphasis on statistical process control can lead to dramatic improvements in the cost and quality of manufactured products.
5. the concept of quality improvement is directly applicable to small companies as well as large, to service industries as well as manufacturing, and to the public sector as well as private enterprise.
6. in order to be successful, quality improvement programs must be management-led and customer-oriented, and this may require fundamental changes in the way companies and agencies do business.
7. several major industrial nations have successfully coupled rigorous private-sector quality audits with national awards giving special recognition to those enterprises the audits identify as the very best; and
8. a national quality award program of this kind in the United States would help improve quality and productivity by
- A. helping to stimulate American companies to improve quality and productivity for the pride of recognition while obtaining a competitive edge through increased profits;
  - B. recognizing the achievements of those companies that improve the quality of their goods and services and providing an example to others;
  - C. establishing guidelines and criteria that can be used by business, industrial, governmental, and other organizations in evaluating their own quality improvement efforts; and
  - D. providing specific guidance for other American organizations that wish to learn how to manage for high quality by making available detailed information on how winning organizations were able to change their cultures and achieve eminence.”



## Baldrige National Quality Program

Baldrige National Quality Program  
National Institute of Standards and Technology  
Technology Administration  
United States Department of Commerce  
Administration Building, Room A600  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020

The National Institute of Standards and Technology (NIST) is a nonregulatory federal agency within the Commerce Department's Technology Administration. NIST's primary mission is to strengthen the U.S. economy and improve the quality of life by working with industry to develop and apply technology, measurements, and standards. The Baldrige National Quality Program (BNQP) at NIST is a customer-focused federal change agent that enhances the competitiveness, quality, and productivity of U.S. organizations for the benefit of all citizens. BNQP develops and disseminates evaluation criteria and manages the Malcolm Baldrige National Quality Award. It also provides global leadership in promoting performance excellence and in the learning and sharing of successful performance practices, principles, and strategies.

Call BNQP for

- information on improving the performance of your organization
- information on applying for the Baldrige Award
- information on becoming a Baldrige Examiner
- information on the Baldrige Award recipients
- individual copies of the Criteria for Performance Excellence—Business, Education, and Health Care (no cost)
- information on BNQP educational materials

Telephone: (301) 975-2036; Fax: (301) 948-3716; E-mail: [nqp@nist.gov](mailto:nqp@nist.gov);  
Web address: <http://www.quality.nist.gov>

## American Society for Quality

611 East Wisconsin Avenue  
P.O. Box 3005  
Milwaukee, WI 53201-3005

The American Society for Quality (ASQ) advances individual and organizational performance excellence worldwide by providing opportunities for learning, quality improvement, and knowledge exchange. ASQ administers the Malcolm Baldrige National Quality Award under contract to NIST.

Call ASQ to order

- bulk copies of the Criteria
- case studies
- Award recipients' videos

Telephone: (800) 248-1946; Fax: (414) 272-1734; E-mail: [asq@asq.org](mailto:asq@asq.org)  
Web address: <http://www.asq.org>

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